

ANNUAL STATEMENT

OF THE

XANTUS Healthplan of Tennessee, Inc.

OF

Nashville

IN THE STATE OF

Tennessee

TO THE

INSURANCE DEPARTMENT

OF THE

STATE OF Tennessee

FOR THE YEAR ENDED

DECEMBER 31, 2002

2002



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2002
OF THE CONDITION AND AFFAIRS OF THE
XANTUS Healthplan of Tennessee, Inc.

NAIC Group Code	1239 <small>(Current Period)</small>	1239 <small>(Prior Period)</small>	NAIC Company Code	95465	Employer's ID Number	62-1532191
Organized under the Laws of	Tennessee			State of Domicile or Port of Entry		Tennessee
Country of Domicile	United States of America					
Licensed as business type:	Life, Accident & Health [] Property/Casualty [] Dental Service Corporation [] Vision Service Corporation [] Other [] Health Maintenance Organization [X] Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [] No [X]					
Incorporated	05/20/1993		Commenced Business		01/01/1994	
Statutory Home Office	3401 West End Avenue, Suite 470 <small>(Street and Number)</small>			Nashville, TN 37203 <small>(City or Town, State and Zip Code)</small>		
Main Administrative Office	3401 West End Avenue, Suite 470 <small>(Street and Number)</small> Nashville, TN 37203 <small>(City or Town, State and Zip Code)</small>					
				615-298-3666 <small>(Area Code) (Telephone Number)</small>		
Mail Address	3401 West End Avenue, Suite 470 <small>(Street and Number or P.O. Box)</small>			Nashville, TN 37203 <small>(City or Town, State and Zip Code)</small>		
Primary Location of Books and Records	3401 West End Avenue, Suite 470 <small>(Street and Number)</small> Nashville, TN 37203 <small>(City or Town, State and Zip Code)</small>					
				615-298-3666 <small>(Area Code) (Telephone Number)</small>		
Internet Website Address	http://www.xantushealthplan.com					
Statement Contact	Christopher E. Burton <small>(Name)</small>			615-298-3666 <small>(Area Code) (Telephone Number) (Extension)</small>		
	cburton@xhtmail.com <small>(E-mail Address)</small>			615-279-1280 <small>(FAX Number)</small>		
Policyowner Relations Contact	3401 West End Avenue, Suite 470 <small>(Street and Number)</small> Nashville, TN 37203 <small>(City or Town, State and Zip Code)</small>					
				615-298-3666 <small>(Area Code) (Telephone Number) (Extension)</small>		

OFFICERS

President	N/A (See Note 1)	Secretary	N/A (See Note 1)
Chief Financial Officer	N/A (See Note 1)		

VICE PRESIDENTS

N/A (See Note 1)	N/A (See Note 1)	N/A (See Note 1)
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DIRECTORS OR TRUSTEES

N/A (See Note 1)	N/A (See Note 1)	N/A (See Note 1)
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State of Tennessee }
County of Davidson } SS

The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively.

 Christopher E. Burton Special Deputy Receiver	 David L. Manning Special Deputy Receiver	N/A (See Note 1) Treasurer
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Subscribed and sworn to before me on this 28 day of February, 2003 	Subscribed and sworn to before me on this 28th day of February, 2003
My commission expires: 5/28/03	My commission expires: 3/26/05

a. Is this an original filing? Yes [X] No []

NOTE 1
On March 31, 1999 a Consent Order appointed the Commissioner of Commerce and Insurance as Receiver for the purpose of rehabilitation. An injunction was filed in the Chancery Court of the State of Tennessee Twentieth Judicial District, Davison County, suspending the authority of the Officers of XANTUS Healthplan of Tennessee Inc. pursuant to T.C.A. 56-9-303. On February 1, 2003, the State of Tennessee Commissioner of Commerce and Insurance appointed a new Special Deputy Receiver, Christopher Burton, to oversee the rehabilitation of XANTUS Healthplan of Tennessee Inc.

The Receivers do not assume responsibility for, nor attest to, the accuracy or validity of any information related to XANTUS Healthplan of Tennessee, Inc. ("XHT") prior to April 1, 1999. To the best of the knowledge of the Receivers, any amounts shown prior to April 1, 1999 have not been audited nor evaluated for their accuracy by a licensed certified public accountant using generally accepted auditing standards.

ASSETS

	Current Year			Prior Year
	1 Assets	2 Nonadmitted Assets	3 Net Admitted Assets	4 (b),(c) Net Admitted Assets
1. Bonds	2, 600, 000		2, 600, 000	2, 300, 000
2. Stocks:				
2.1 Preferred stocks				
2.2 Common stocks				
3. Mortgage loans on real estate:				
3.1 First liens				
3.2 Other than first liens				
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			(a)	
4.2 Properties held for the production of income (less \$ encumbrances)				
4.3 Properties held for sale (less \$ encumbrances)				
5. Cash (\$15, 182, 183 , Schedule E - Part 1) and short-term investments (\$62, 608 , Schedule DA - Part 2)	15, 244, 791		15, 244, 791	34, 163, 834
6. Other long-term invested assets				
7. Receivable for securities	6, 615		6, 615	4, 550
8. Aggregate write-ins for invested assets				
9. Subtotals, cash and invested assets (Lines 1 to 8)	17, 851, 406		17, 851, 406	36, 468, 384
10. Accident and health premiums due and unpaid	28, 990, 614		28, 990, 614	1, 648, 894
11. Health care receivables				
12. Amounts recoverable from reinsurers				
13. Net adjustment in assets and liabilities due to foreign exchange rates				
14. Investment income due and accrued	42, 948		42, 948	60, 002
15. Amounts due from parent, subsidiaries and affiliates (d), (i)				
16. Amounts receivable relating to uninsured accident and health plans				
17. Furniture and equipment	201, 495	201, 495		
18. Amounts due from agents				
19. Federal and foreign income tax recoverable and interest thereon (including \$net deferred tax asset)				
20. Electronic data processing equipment and software				
21. Other nonadmitted assets				
22. Aggregate write-ins for other than invested assets (e)	5, 151, 889	1, 851, 660	3, 300, 228	20, 989, 910
23. Total assets (Lines 9 plus 10 through 22)	52, 238, 351	2, 053, 156	50, 185, 196	59, 167, 190
DETAILS OF WRITE-INS				
0801.				
0802.				
0803.				
0898. Summary of remaining write-ins for Line 8 from overflow page				
0899. Totals (Lines 0801 thru 0803 plus 0898)(Line 8 above)				
2201. TennCare Amendment 7 Receivable - Operations (j), (k)	2, 458, 714		2, 458, 714	20, 044, 490
2202. A/R Pharmacy Rebate	2, 668, 818	1, 827, 304	841, 514	945, 420
2203. Prepaid Insurance	999	999		
2298. Summary of remaining write-ins for Line 22 from overflow page (e)	23, 357	23, 357		
2299. Totals (Lines 2201 thru 2203 plus 2298)(Line 22 above)	5, 151, 889	1, 851, 660	3, 300, 228	20, 989, 910

(a) \$ health care delivery assets included in Line 4.1, Column 3.

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 (b), (c) Total
1. Claims unpaid (less \$ (f), (g), (l) reinsurance ceded)	95, 543, 247		95, 543, 247	97, 815, 238
2. Accrued medical incentive pool and bonus payments				6, 528, 737
3. Unpaid claims adjustment expenses				
4. Aggregate policy reserves				
5. Aggregate claim reserves				
6. Premiums received in advance				
7. General expenses due or accrued	918, 053		918, 053	1, 580, 742
8. Federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses)) (including \$ net deferred tax liability)				
9. Amounts withheld or retained for the account of others				
10. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)	26, 431, 115		26, 431, 115	26, 431, 115
11. Amounts due to parent, subsidiaries and affiliates				
12. Payable for securities				
13. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)				
14. Reinsurance in unauthorized companies				
15. Net adjustments in assets and liabilities due to foreign exchange rates				
16. Liability for amounts held under uninsured accident and health plans				
17. Aggregate write-ins for other liabilities (including \$ (f), (h) current)	4, 795, 538		4, 795, 538	3, 840, 870
18 Total liabilities (Lines 1 to 17)	127, 687, 952		127, 687, 952	136, 196, 702
19. Common capital stock (i)	XXX	XXX	100, 000	100, 000
20 Preferred capital stock	XXX	XXX		
21. Gross paid in and contributed surplus (i)	XXX	XXX	6, 447, 499	6, 447, 499
22. Surplus notes (i)	XXX	XXX	7, 100, 000	7, 100, 000
23. Aggregate write-ins for other than special surplus funds	XXX	XXX		
24. Unassigned funds (surplus) (l), (m)	XXX	XXX	(91, 150, 256)	(90, 677, 011)
25. Less treasury stock, at cost:				
25.1 shares common (value included in Line 19 \$)	XXX	XXX		
25.2 shares preferred (value included in Line 20 \$)	XXX	XXX		
26. Total capital and surplus (Lines 19 to 24 Less 25)	XXX	XXX	(77, 502, 757)	(77, 029, 512)
27. Total liabilities, capital and surplus (Lines 18 and 26)	XXX	XXX	50, 185, 196	59, 167, 190
DETAILS OF WRITE-INS				
1701. Premium Taxes Payable (h)	4, 059, 473		4, 059, 473	3, 304, 425
1702. HRMP Reinsurance Premium Fund	255, 937		255, 937	185, 814
1703. Payroll Taxes Payable	60, 020		60, 020	31, 869
1798. Summary of remaining write-ins for Line 17 from overflow page	420, 108		420, 108	318, 761
1799. Totals (Lines 1701 thru 1703 plus 1798) (Line 17 above)	4, 795, 538		4, 795, 538	3, 840, 870
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX		
2399. Totals (Lines 2301 thru 2303 plus 2398) (Line 23 above)	XXX	XXX		

Xantus Healthplan Of Tennessee, Inc.
BALANCE SHEET SUMMARY
As of: December 31, 2002

ASSETS	TennCare			Community		GAAP	GAAP to STAT	Non-Admitted	STAT
	Post-Petition	Pre-Petition	Total	Plus	ESRD	Total	Adjustments	Assets	Total
Cash and Investments									
Cash - First Tennessee, LGIP and Bank of Nashville	4,482,518	10,559,550	15,042,068	4,732	197,991	15,244,791		-	15,244,791
Investments - Bonds (Statutory Deposit) - First Tennessee	2,606,615	-	2,606,615	-	-	2,606,615		-	2,606,615
Total Cash and Investments	7,089,132	10,559,550	17,648,682	4,732	197,991	17,851,406	-	-	17,851,406
Receivables									
Due from TennCare - Amendment 7 - Current Year	2,458,714	-	2,458,714	-	-	2,458,714			2,458,714
Total Due from TennCare - Amendment 7	2,458,714	-	2,458,714	-	-	2,458,714	-	-	2,458,714
Due from TennCare - ASO (Post 7/1/02) Medical Expense	27,436,042	-	27,436,042	-	-	27,436,042			27,436,042
Due from TennCare - ASO (Post 7/1/02) Premium Tax	1,554,572	-	1,554,572	-	-	1,554,572	-	-	1,554,572
Due from TennCare - 5% withhold from previous month	-	-	-	-	-	-			-
Due from MIMs - Estimated Pharmacy Rebate	2,668,818	-	2,668,818	-	-	2,668,818		1,827,304	841,514
TennCare A/R Other	-	(0)	(0)	-	-	(0)		-	(0)
Total Receivables	34,118,146	(0)	34,118,146	-	-	34,118,146	-	1,827,304	32,290,843
Other Assets									
Investment Income Receivable	42,948	-	42,948	-	-	42,948		-	42,948
Prepays, Deposits and Other	24,356	-	24,356	-	-	24,356		24,356	0
Intercompany	300,560	(174,161)	126,399	(46,126)	(80,273)	-		-	-
Total Other Assets	367,864	(174,161)	193,703	(46,126)	(80,273)	67,304	-	24,356	42,948
Fixed Assets									
Furniture, Fixtures and Equipment	732,505	-	732,505	-	-	732,505		732,505	-
Less Accumulated Depreciation	(531,010)	-	(531,010)	-	-	(531,010)		(531,010)	-
Total Fixed Assets	201,495	-	201,495	-	-	201,495	-	201,495	-
TOTAL ASSETS	41,776,639	10,385,389	52,162,027	(41,394)	117,718	52,238,351	-	2,053,155	50,185,196
LIABILITIES AND EQUITY									
Claims Payable									
Actual Paid			-			-			-
Actuarial Best Estimate: Incurred but Not Reported (IBNR)	27,934,775	-	27,934,775	-	-	27,934,775			27,934,775
Margin: 10% of Best Estimate	2,794,032	-	2,794,032	-	-	2,794,032			2,794,032
RBRVS Adjustment: 04/01/99-03/28/00	2,300,000	-	2,300,000	-	-	2,300,000			2,300,000
Claims Settlement: 3% of Best Estimate, Margin and RBRVS	907,043	-	907,043	-	-	907,043			907,043
Subtotal	33,935,850	-	33,935,850	-	-	33,935,850	-	-	33,935,850
Premium Deficiency Reserve 01/01/02-06/30/02	-	-	-	-	-	-	-		-
TennCare II 85/15 Incentive: 07/01/00-06/30/01	-	-	-	-	-	-			-
Subtotal	33,935,850	-	33,935,850	-	-	33,935,850	-	-	33,935,850
Pharmacy - MIMs / Scrip Pharmacy	3,728,737	-	3,728,737	-	-	3,728,737			3,728,737
Total Claims Payable Post Petition	37,664,587	-	37,664,587	-	-	37,664,587	-	-	37,664,587
Pre-Petition Original Debt	-	57,002,443	57,002,443	-	-	57,002,443			57,002,443
Community Plus (closed 01/31/01) - Fee for Service	-	-	-	768	-	768			768
HCFA ESRD Program (closed 03/31/00) - Fee for Service	-	-	-	-	870,108	870,108			870,108
HCFA ESRD Program (closed 03/31/00) - Pharmacy	-	-	-	-	5,341	5,341			5,341
Total Claims Payable	37,664,587	57,002,443	94,667,030	768	875,449	95,543,247	-	-	95,543,247
Other Liabilities									
Accounts Payable and Accrued Expenses	1,173,990	-	1,173,990	-	-	1,173,990			1,173,990
Premium Taxes	2,457,934	1,601,539	4,059,473	-	-	4,059,473			4,059,473
Accrued Payroll and Related	480,128	-	480,128	-	-	480,128			480,128
Total Other Liabilities	4,112,051	1,601,539	5,713,590	-	-	5,713,590	-	-	5,713,590
Loan from State of Tennessee	-	26,431,115	26,431,115	-	-	26,431,115			26,431,115
Surplus Notes	-	7,100,000	7,100,000	-	-	7,100,000	7,100,000	-	-
Total Liabilities	41,776,639	92,135,097	133,911,736	768	875,449	134,787,952	7,100,000	-	127,687,952
Equity									
Capital Stock	-	100,000	100,000	-	-	100,000		-	100,000
Paid In Capital	-	6,447,499	6,447,499	-	-	6,447,499		-	6,447,499
Surplus Notes	-	-	-			-	(7,100,000)	-	7,100,000
Intersegment Contribution	-	(576,870)	(576,870)	576,870	-	-		-	-
Retained Earnings	-	(72,132,408)	(72,132,408)	(689,441)	(793,040)	(73,614,888)		2,053,155	(75,668,043)
Prior Period Adjustments	-	(15,870,193)	(15,870,193)	70,791	27,574	(15,771,829)		-	(15,771,829)
Net Income (Loss) Current Year	-	282,263	282,263	(382)	7,736	289,617		-	289,617
Total Equity	-	(81,749,708)	(81,749,708)	(42,162)	(757,730)	(82,549,601)	(7,100,000)	2,053,155	(77,502,756)
TOTAL LIABILITIES AND EQUITY	41,776,639	10,385,389	52,162,027	(41,394)	117,718	52,238,351	-	2,053,155	50,185,196

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	1, 910, 916	1, 966, 060
2. Net premium income (j)	XXX	316, 046, 762	283, 193, 391
3. Change in unearned premium reserves and reserve for rate credits	XXX		
4. Fee-for-service (net of \$ medical expenses)	XXX		
5. Risk revenue	XXX		
6. Aggregate write-ins for other health care related revenues	XXX	337, 634	937, 922
7. Total revenues (Lines 2 to 6)	XXX	316, 384, 395	284, 131, 313
Medical and Hospital:			
8. Hospital/medical benefits		141, 539, 992	113, 722, 216
9. Other professional services		8, 470, 109	6, 669, 518
10. Outside referrals		20, 739, 799	16, 478, 203
11. Emergency room and out-of-area		28, 705, 302	22, 806, 961
12. Prescription Drugs		63, 807, 049	46, 993, 026
13. Aggregate write-ins for other medical and hospital		57, 464, 649	49, 216, 667
14. Incentive pool and withhold adjustments			11, 323, 427
15. Subtotal (Lines 8 to 14)		320, 726, 900	267, 210, 017
Less:			
16. Net reinsurance recoveries			
17. Total medical and hospital (Lines 15 minus 16)		320, 726, 900	267, 210, 017
18. Claims adjustment expenses			
19. General administrative expenses.....		25, 752, 694	24, 028, 583
20. Increase in reserves for accident and health contracts			
21. Total underwriting deductions (Lines 17 through 20)		346, 479, 594	291, 238, 600
22. Net underwriting gain or (loss) (Lines 7 minus 21)	XXX	(30, 095, 199)	(7, 107, 287)
23. Net investment income earned		510, 345	2, 105, 649
24. Net realized capital gains or (losses)			
25. Net investment gains or (losses) (Lines 23 + 24)		510, 345	2, 105, 649
26. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			
27. Aggregate write-ins for other income or expenses		29, 874, 471	5, 377, 448
28. Net income or (loss) before federal income taxes (Lines 22 plus 25 plus 26 plus 27)		289, 617	375, 810
29. Federal and foreign income taxes incurred	XXX		
30. Net income (loss) (Lines 28 minus 29)	XXX	289, 617	375, 810
DETAILS OF WRITE-INS			
0601. BHD Revenue.....	XXX	337, 634	937, 922
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX		
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)	XXX	337, 634	937, 922
1301. Hospital Outpatient.....		48, 745, 639	38, 729, 427
1302. Ambulance / transportation.....		6, 369, 134	5, 060, 410
1303. Home health care.....		3, 615, 315	2, 872, 443
1398. Summary of remaining write-ins for Line 13 from overflow page		(1, 265, 439)	2, 554, 387
1399. Totals (Lines 1301 thru 1303 plus 1398) (Line 13 above)		57, 464, 649	49, 216, 667
2701. TennCare Amendment 7 Loss Recoverable. (j), (k)		29, 327, 176	7, 525, 147
2702. Prior Period Adjustments..... (m)			(2, 152, 309)
2703. Other income.....		547, 294	4, 610
2798. Summary of remaining write-ins for Line 27 from overflow page			
2799. Totals (Lines 2701 thru 2703 plus 2798) (Line 27 above)		29, 874, 471	5, 377, 448

REPORT 2A

Xantus Healthplan of Tennessee, Inc.

CONSOLIDATED OPERATIONS STATEMENT OF REVENUES AND EXPENSES

Statement As Of: December 31, 2002

		Current Year		Previous Year
		Current Period	YTD Total	Total
	MEMBER MONTHS	431,740	1,910,916	1,966,060
	REVENUES:			
1	TennCare Capitation (net of reinsurance ceded) (j)	77,829,976	316,046,762	283,193,391
2	Fee for Service Revenue	-	-	-
3	Adverse Selection	-	-	-
4	Total TennCare Revenue (Lines 1 & 2)	77,829,976	316,046,762	283,193,391
5	Investment	74,175	510,345	2,110,259
6	Other Revenue	-	337,634	1,052,451
7	TOTAL REVENUES (Lines 3 to 6)	77,904,151	316,894,740	286,356,101
	EXPENSES:			
	Medical and Hospital Services:			
8	Capitated Physician Services	685,621	2,972,645	3,627,566
9	Fee for Service Physician Services	15,574,257	69,987,924	55,661,234
10	Inpatient Hospital Services	15,260,826	68,579,423	54,487,783
11	Outpatient Services	10,847,259	48,745,639	38,729,427
12	Emergency Room Services	6,387,727	28,705,302	22,806,961
13	Mental Health Services	-	-	-
14	Dental Services	1,628,092	7,316,356	5,812,997
15	Vision Services	193,102	867,765	689,457
16	Pharmacy Services	15,761,278	63,807,049	46,993,026
17	Home Health Services	804,508	3,615,315	2,872,443
18	Chiropractic Services	-	-	-
19	Radiology Services	63,640	285,989	227,224
20	Laboratory Services	6,957	31,263	24,839
21	Durable Medical Equipment Services	1,317,173	5,919,139	4,702,879
22	Transportation Services	1,417,309	6,369,134	5,060,410
23	Outside Referrals	4,615,181	20,739,799	16,478,203
24	Medical Incentive Pool & Withhold Adjustments	-	-	11,323,427
25	Occupancy, Depreciation & Amortization	-	-	-
26	Other Medical & Hospital Services	(5,480)	(166,885)	-
27	Subtotal (Lines 8 to 26)	74,557,450	327,775,855	269,497,878
	LESS:			
28	Net Excess Loss Recoveries Incurred	-	-	-
29	Co-payments	(220,228)	(996,614)	(855,456)
30	Subrogation & Coordination of Benefits	(2,624,297)	(6,052,341)	(1,317,875)
31	Subtotal (Lines 28 to 30)	(2,844,525)	(7,048,955)	(2,173,331)
32	TOTAL MEDICAL & HOSPITAL (Lines 25 & 26 less 30)	71,712,925	320,726,900	267,324,547
	Administration:			
33	Compensation	3,013,088	11,357,428	9,879,629
34	Marketing	-	-	-
35	Interest Expense	-	-	-
36	Premium Tax Expense	2,169,972	6,712,141	5,666,520
37	Occupancy, Depreciation and Amortization	300,629	1,470,456	1,239,226
38	Other Administration	1,709,352	6,212,669	7,243,209
39	TOTAL ADMINISTRATION (Lines 33 to 38)	7,193,042	25,752,694	24,028,583
40	TOTAL EXPENSES (Lines 32and 39)	78,905,967	346,479,594	291,353,130
41	TennCare Amendment 7 Recoverable (j)(k)	(1,021,649)	(29,327,176)	(7,525,147)
41a	Extraordinary Gain-Navigant Settlement	-	(527,078)	2,152,309
41b	Miscellaneous Income	(11,974)	(20,216)	-
42	Prior Period Adjustments (m)	-	-	2,152,309
43	NET INCOME (LOSS) (Lines 6 less Lines 40, 41 and 42)	31,807	289,617	375,808

REPORT 2A

Xantus Healthplan of Tennessee, Inc.

TENNCARE CONSOLIDATED OPERATIONS STATEMENT OF REVENUES AND EXPENSES

Statement As Of: December 31, 2002

		Current Year		Previous Year
		Current Period	YTD Total	Total
	MEMBER MONTHS	431,740	1,910,916	1,966,060
	REVENUES:			
1	TennCare Capitation (net of reinsurance ceded) (j)	77,829,976	316,046,762	283,193,391
2	Fee for Service Revenue	-	-	-
3	Adverse Selection	-	-	-
4	Total TennCare Revenue (Lines 1 & 2)	77,829,976	316,046,762	283,193,391
5	Investment	74,175	510,345	2,110,259
6	Other Revenue - BHO	-	337,634	1,052,451
7	TOTAL REVENUES (Lines 3 to 6)	77,904,151	316,894,740	286,356,101
	EXPENSES:			
	Medical and Hospital Services:			
8	Capitated Physician Services	685,621	2,972,645	3,627,566
9	Fee for Service Physician Services	15,574,257	69,987,924	55,606,866
10	Inpatient Hospital Services	15,260,826	68,579,423	54,487,783
11	Outpatient Services	10,847,259	48,745,639	38,729,427
12	Emergency Room Services	6,387,727	28,705,302	22,806,961
13	Mental Health Services	-	-	-
14	Dental Services	1,628,092	7,316,356	5,812,997
15	Vision Services	193,102	867,765	689,457
16	Pharmacy Services	15,761,278	63,807,049	46,993,026
17	Home Health Services	804,508	3,615,315	2,872,443
18	Chiropractic Services	-	-	-
19	Radiology Services	63,640	285,989	227,224
20	Laboratory Services	6,957	31,263	24,839
21	Durable Medical Equipment Services	1,317,173	5,919,139	4,702,879
22	Transportation Services	1,417,309	6,369,134	5,060,410
23	Outside Referrals	4,615,181	20,739,799	16,478,203
24	Medical Incentive Pool & Withhold Adjustments	-	-	11,323,427
25	Occupancy, Depreciation & Amortization	-	-	-
26	Other Medical & Hospital Services	(5,506)	(166,911)	-
27	Subtotal (Lines 8 to 26)	74,557,424	327,775,829	269,443,510
	LESS:			
28	Net Excess Loss Recoveries Incurred	-	-	-
29	Copayments	(220,228)	(996,614)	(855,456)
30	Subrogation & Coordination of Benefits	(2,624,297)	(6,052,341)	(1,317,875)
31	Subtotal (Lines 28 to 30)	(2,844,525)	(7,048,955)	(2,173,331)
32	TOTAL MEDICAL & HOSPITAL (Lines 25 & 26 less 30)	71,712,899	320,726,874	267,270,179
	Administration:			
33	Compensation	3,013,088	11,357,428	9,879,629
34	Marketing	-	-	-
35	Interest Expense	-	-	-
36	Premium Tax Expense	2,169,972	6,712,141	5,666,520
37	Occupancy, Depreciation and Amortization	300,629	1,470,456	1,239,226
38	Other Administration	1,709,326	6,212,313	7,243,684
39	TOTAL ADMINISTRATION (Lines 33 to 38)	7,193,016	25,752,338	24,029,058
40	TOTAL EXPENSES (Lines 32and 39)	78,905,915	346,479,212	291,299,237
41	TennCare Amendment 7 Recoverable (j)(k)	(1,021,649)	(29,327,176)	(7,525,147)
41a	Extraordinary Gain-Navigant Settlement	-	(527,078)	-
41b	Miscellaneous Income	(11,974)	(12,480)	-
42	Prior Period Adjustments (m)	-	-	1,995,280
43	NET INCOME (LOSS) (Lines 6 less Lines 40, 41 and 42)	31,859	282,263	586,730

REPORT 2A

Xantus Healthplan of Tennessee, Inc.

TENNCARE POST-PETITION OPERATIONS STATEMENT OF REVENUES AND EXPENSES

Statement As Of: December 31, 2002

		Current Year		Previous Year
		Current Period	YTD Total	Total
	MEMBER MONTHS	431,740	1,910,916	1,966,060
	REVENUES:			
1	TennCare Capitation (net of reinsurance ceded) (j)	77,829,976	316,046,762	283,204,240
2	Fee for Service Revenue	-	-	-
3	Adverse Selection	-	-	-
4	Total TennCare Revenue (Lines 1 & 2)	77,829,976	316,046,762	283,204,240
5	Investment	47,822	394,974	1,543,167
6	Other Revenue - BHO	-	337,634	937,922
7	TOTAL REVENUES (Lines 3 to 6)	77,877,798	316,779,369	285,685,329
	EXPENSES:			
	Medical and Hospital Services:			
8	Capitated Physician Services	685,621	2,972,645	3,627,566
9	Fee for Service Physician Services	15,574,257	69,987,924	55,606,866
10	Inpatient Hospital Services	15,260,826	68,579,423	54,487,783
11	Outpatient Services	10,847,259	48,745,639	38,729,427
12	Emergency Room Services	6,387,727	28,705,302	22,806,961
13	Mental Health Services	-	-	-
14	Dental Services	1,628,092	7,316,356	5,812,997
15	Vision Services	193,102	867,765	689,457
16	Pharmacy Services	15,761,278	63,807,049	46,993,026
17	Home Health Services	804,508	3,615,315	2,872,443
18	Chiropractic Services	-	-	-
19	Radiology Services	63,640	285,989	227,224
20	Laboratory Services	6,957	31,263	24,839
21	Durable Medical Equipment Services	1,317,173	5,919,139	4,702,879
22	Transportation Services	1,417,309	6,369,134	5,060,410
23	Outside Referrals	4,615,181	20,739,799	16,478,203
24	Medical Incentive Pool & Withhold Adjustments			11,323,427
25	Occupancy, Depreciation & Amortization			-
26	Other Medical & Hospital Services			-
27	Subtotal (Lines 8 to 26)	74,562,930	327,942,740	269,443,510
	LESS:			
28	Net Excess Loss Recoveries Incurred	-	-	-
29	Copayments	(220,228)	(996,614)	(855,456)
30	Subrogation & Coordination of Benefits	(2,624,297)	(6,052,341)	(1,317,875)
31	Subtotal (Lines 28 to 30)	(2,844,525)	(7,048,955)	(2,173,331)
32	TOTAL MEDICAL & HOSPITAL (Lines 25 & 26 less 30)	71,718,405	320,893,785	267,270,179
	Administration:			
33	Compensation	3,013,088	11,357,428	9,879,629
34	Marketing	-	-	-
35	Interest Expense	-	-	-
36	Premium Tax Expense	2,169,972	6,712,141	5,666,520
37	Occupancy, Depreciation and Amortization	300,629	1,470,456	1,239,226
38	Other Administration	1,709,326	6,212,293	7,242,243
39	TOTAL ADMINISTRATION (Lines 33 to 38)	7,193,016	25,752,318	24,027,617
40	TOTAL EXPENSES (Lines 32and 39)	78,911,421	346,646,103	291,297,796
41	TennCare Amendment 7 Recoverable (j)(k)	(1,021,649)	(29,327,176)	(7,525,147)
41a	Extraordinary Gain-Navigant Settlement	-	(527,078)	
41b	Miscellaneous Income	(11,974)	(12,480)	
42	Prior Period Adjustments (m)	-	-	1,912,680
43	NET INCOME (LOSS) (Lines 6 less Lines 40, 41 and 42)	-	-	-

REPORT 2A

Xantus Healthplan of Tennessee, Inc.

TENNCARE PRE-PETITION OPERATIONS STATEMENT OF REVENUES AND EXPENSES

Statement As Of: December 31, 2002

		Current Year		Previous Year
		Current Period	YTD Total	Total
	MEMBER MONTHS	-	-	-
	REVENUES:			
1	TennCare Capitation	-	-	(10,849)
2	Fee for Service Revenue	-	-	-
3	Adverse Selection	-	-	-
4	Total TennCare Revenue (Lines 1 & 2)	-	-	(10,849)
5	Investment	26,353	115,372	567,092
6	Other Revenue	-	-	114,529
7	TOTAL REVENUES (Lines 3 to 6)	26,353	115,372	670,771
	EXPENSES:			
	Medical and Hospital Services:			
8	Capitated Physician Services	-	-	-
9	Fee for Service Physician Services	-	-	-
10	Inpatient Hospital Services	-	-	-
11	Outpatient Services	-	-	-
12	Emergency Room Services	-	-	-
13	Mental Health Services	-	-	-
14	Dental Services	-	-	-
15	Vision Services	-	-	-
16	Pharmacy Services	-	-	-
17	Home Health Services	-	-	-
18	Chiropractic Services	-	-	-
19	Radiology Services	-	-	-
20	Laboratory Services	-	-	-
21	Durable Medical Equipment Services	-	-	-
22	Transportation Services	-	-	-
23	Outside Referrals	-	-	-
24	Medical Incentive Pool & Withhold Adjustments	-	-	-
25	Occupancy, Depreciation & Amortization	-	-	-
26	Other Medical & Hospital Services	(5,506)	(166,911)	-
27	Subtotal (Lines 8 to 26)	(5,506)	(166,911)	-
	LESS:			
28	Net Excess Loss Recoveries Incurred	-	-	-
29	Copayments	-	-	-
30	Subrogation & Coordination of Benefits	-	-	-
31	Subtotal (Lines 28 to 30)	-	-	-
32	TOTAL MEDICAL & HOSPITAL (Lines 25 & 26 less 30)	(5,506)	(166,911)	-
	Administration:			
33	Compensation	-	-	-
34	Marketing	-	-	-
35	Interest Expense	-	-	-
36	Premium Tax Expense	-	-	-
37	Occupancy, Depreciation and Amortization	-	-	-
38	Other Administration	-	20	1,441
39	TOTAL ADMINISTRATION (Lines 33 to 38)	-	20	1,441
40	TOTAL EXPENSES (Lines 32and 39)	(5,506)	(166,891)	1,441
41		-	-	-
41a		-	-	-
41b		-	-	-
42	Prior Period Adjustments (m)	-	-	82,600
43	NET INCOME (LOSS) (Lines 6 less Lines 40, 41 and 42)	31,859	282,263	586,730

REPORT 2A

Xantus Healthplan of Tennessee, Inc.

COMMERCIAL OPERATIONS STATEMENT OF REVENUES AND EXPENSES

Statement As Of: December 31, 2002

		Current Year		Previous Year
		Current Period	YTD Total	Total
	MEMBER MONTHS	-	-	-
	REVENUES:			
1	Premium Revenue	-	-	
2	Fee for Service Revenue	-	-	
3	Adverse Selection	-	-	
4	Total TennCare Revenue (Lines 1 & 2)	-	-	-
5	Investment	-	-	
6	Other Revenue	-	-	
7	TOTAL REVENUES (Lines 3 to 6)	-	-	-
	EXPENSES:			
	Medical and Hospital Services:			
8	Capitated Physician Services	-	-	36,348
9	Fee for Service Physician Services	-	-	
10	Inpatient Hospital Services	-	-	
11	Outpatient Services	-	-	
12	Emergency Room Services	-	-	
13	Mental Health Services	-	-	
14	Dental Services	-	-	
15	Vision Services	-	-	
16	Pharmacy Services	-	-	
17	Home Health Services	-	-	
18	Chiropractic Services	-	-	
19	Radiology Services	-	-	
20	Laboratory Services	-	-	
21	Durable Medical Equipment Services	-	-	
22	Transportation Services	-	-	
23	Outside Referrals	-	-	
24	Medical Incentive Pool & Withhold Adjustments	-	-	
25	Occupancy, Depreciation & Amortization	-	-	
26	Other Medical & Hospital Services	26	26	
27	Subtotal (Lines 8 to 26)	26	26	36,348
	LESS:			
28	Net Excess Loss Recoveries Incurred	-	-	
29	Copayments	-	-	
30	Subrogation & Coordination of Benefits	-	-	
31	Subtotal (Lines 28 to 30)	-	-	-
32	TOTAL MEDICAL & HOSPITAL (Lines 25 & 26 less 30)	26	26	36,348
	Administration:			
33	Compensation	-	-	
34	Marketing	-	-	
35	Interest Expense	-	-	
36	Premium Tax Expense	-	-	
37	Occupancy, Depreciation and Amortization	-	-	
38	Other Administration	26	356	(475)
39	TOTAL ADMINISTRATION (Lines 33 to 38)	26	356	(475)
40	TOTAL EXPENSES (Lines 32and 39)	52	382	35,873
41	TennCare Amendment 7 Recoverable (j)(k)	-	-	
41a		-	-	
41b	Miscellaneous Income	-	-	
42	Prior Period Adjustments (m)	-	-	
43	NET INCOME (LOSS) (Lines 6 less Lines 40, 41 and 42)	(52)	(382)	(35,873)

REPORT 2A

Xantus Healthplan of Tennessee, Inc.

ESRD OPERATIONS STATEMENT OF REVENUES AND EXPENSES

Statement As Of: December 31, 2002

		Current Year		Previous Year
		Current Period	YTD Total	
	MEMBER MONTHS	-	-	-
	REVENUES:			
1	Premium Revenue	-	-	
2	Fee for Service Revenue	-	-	
3	Adverse Selection	-	-	
4	Total TennCare Revenue (Lines 1 & 2)	-	-	-
5	Investment	-	-	
6	Other Revenue	-	-	
7	TOTAL REVENUES (Lines 3 to 6)	-	-	-
	EXPENSES:			
	Medical and Hospital Services:			
8	Capitated Physician Services	-	-	18,020
9	Fee for Service Physician Services	-	-	
10	Inpatient Hospital Services	-	-	
11	Outpatient Services	-	-	
12	Emergency Room Services	-	-	
13	Mental Health Services	-	-	
14	Dental Services	-	-	
15	Vision Services	-	-	
16	Pharmacy Services	-	-	
17	Home Health Services	-	-	
18	Chiropractic Services	-	-	
19	Radiology Services	-	-	
20	Laboratory Services	-	-	
21	Durable Medical Equipment Services	-	-	
22	Transportation Services	-	-	
23	Outside Referrals	-	-	
24	Medical Incentive Pool & Withhold Adjustments	-	-	
25	Occupancy, Depreciation & Amortization	-	-	
26	Other Medical & Hospital Services	-	-	
27	Subtotal (Lines 8 to 26)	-	-	18,020
	LESS:			
28	Net Excess Loss Recoveries Incurred	-	-	
29	Copayments	-	-	
30	Subrogation & Coordination of Benefits	-	-	
31	Subtotal (Lines 28 to 30)	-	-	-
32	TOTAL MEDICAL & HOSPITAL (Lines 25 & 26 less 30)	-	-	18,020
	Administration:			
33	Compensation	-	-	
34	Marketing	-	-	
35	Interest Expense	-	-	
36	Premium Tax Expense	-	-	
37	Occupancy, Depreciation and Amortization	-	-	
38	Other Administration	-	-	
39	TOTAL ADMINISTRATION (Lines 33 to 38)	-	-	-
40	TOTAL EXPENSES (Lines 32and 39)	-	-	18,020
41		-	-	
41a		-	-	
41b	Miscellaneous Income	-	(7,736)	
42	Prior Period Adjustments (m)	-	-	157,029
43	NET INCOME (LOSS) (Lines 6 less Lines 40, 41 and 42)	-	7,736	(175,049)

CAPITAL AND SURPLUS ACCOUNT

	1 Current Year	2 (b), (c) Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
31. Capital and surplus prior reporting year (i)	(77,029,512)	(79,732,820)
GAINS AND LOSSES TO CAPITAL & SURPLUS:		
32. Net income or (loss) from Line 30	289,617	375,810
33. Change in valuation basis of aggregate policy and claim reserve		
34. Net unrealized capital gains and losses		
35. Change in net unrealized foreign exchange capital gain or (loss)		
36. Change in net deferred income tax		
37. Change in nonadmitted assets	(762,862)	18,099,327
38. Change in unauthorized reinsurance		
39. Change in treasury stock		
40. Change in surplus notes		
41. Cumulative effect of changes in accounting principles		
42. Capital Changes:		
42.1 Paid in		
42.2 Transferred from surplus (Stock Dividend)		
42.3 Transferred to surplus		
43. Surplus adjustments:		
43.1 Paid in		
43.2 Transferred to capital (Stock Dividend)		
43.3 Transferred from capital		
44. Dividends to stockholders		
45. Aggregate write-ins for gains or (losses) in surplus		(15,771,829)
46. Net change in capital & surplus (Lines 32 to 45)	(473,245)	2,703,308
47. Capital and surplus end of reporting year (Line 31 plus 46)	(77,502,757)	(77,029,512)
DETAILS OF WRITE-INS		
4501. Prior Period Adjustment - Due from Xantus Corp (i), (m)		(14,498,641)
4502. Prior Period Adjustment - Provider Advances (m)		(49,923)
4503. Prior Period Adjustment - BHD Capitation (m)		(130,025)
4598. Summary of remaining write-ins for Line 45 from overflow page		(1,093,240)
4599. Totals (Lines 4501 thru 4503 plus 4598) (Line 45 above)		(15,771,829)

CASH FLOW

	1 Current Year	2 Prior Year
Cash from Operations		
1. Premiums and revenues collected net of reinsurance	335,453,871	287,015,418
2. Claims and claims adjustment expenses	329,527,628	256,143,191
3. General administrative expenses paid	19,096,474	23,846,275
4. Other underwriting income (expenses)		254,285
5. Cash from underwriting (Line 1 minus Line 2 minus Line 3 plus Line 4)	(13,170,231)	7,280,237
6. Net investment income	510,345	2,709,802
7. Other income (expenses)	(5,957,093)	5,377,448
8. Federal and foreign income taxes (paid) recovered		
9. Net cash from operations (Lines 5 to 8)	(18,616,978)	15,367,487
Cash from Investments		
10. Proceeds from investments sold, matured or repaid:		
10.1 Bonds	2,100,000	385,000
10.2 Stocks		
10.3 Mortgage loans		
10.4 Real estate		
10.5 Other invested assets		
10.6 Net gains or (losses) on cash and short-term investments		
10.7 Miscellaneous proceeds	(2,065)	
10.8 Total investment proceeds (Lines 10.1 to 10.7)	2,097,935	385,000
11. Cost of investments acquired (long-term only):		
11.1 Bonds	2,400,000	200,000
11.2 Stocks		
11.3 Mortgage loans		
11.4 Real estate		
11.5 Other invested assets		
11.6 Miscellaneous applications		
11.7 Total investments acquired (Lines 11.1 to 11.6)	2,400,000	200,000
12. Net Cash from investments (Line 10.8 minus Line 11.7)	(302,065)	185,000
Cash from Financing and Miscellaneous Sources		
13. Cash provided:		
13.1 Surplus notes, capital and surplus paid in		
13.2 Net transfers from affiliates		
13.3 Borrowed funds received		
13.4 Other cash provided		1,187,684
13.5 Total (Lines 13.1 to 13.4)		1,187,684
14. Cash applied:		
14.1 Dividends to stockholders paid		
14.2 Net transfers to affiliates		
14.3 Borrowed funds repaid		
14.4 Other applications		7,794,834
14.5 Total (Lines 14.1 to 14.4)		7,794,834
15. Net cash from financing and miscellaneous sources (Line 13.5 minus Line 14.5)		(6,607,150)
RECONCILIATION OF CASH AND SHORT-TERM INVESTMENTS		
16. Net change in cash and short-term investments (Line 9 plus Line 12 plus Line 15)	(18,919,043)	8,945,337
17. Cash and short-term investments:		
17.1 Beginning of year	34,163,834	25,218,497
17.2 End of year (Line 16 plus Line 17.1)	15,244,791	34,163,834

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE XANTUS Healthplan of Tennessee, Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS (Gain and Loss Exhibit)

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medical Only	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other
1. Net premium income	316,046,762								316,046,762				
2. Change in unearned premium reserves and reserve for rate credit													
3. Fee-for-service (net of \$ medical expenses)													
4. Risk revenue.....													
5. Aggregate write-ins for other health care related revenues	337,634								337,634				
6. Total revenues (Lines 1 to 5).....	316,384,395								316,384,395				
7. Medical/hospital benefits	141,539,992								141,539,992				
8. Other professional services	8,470,109								8,470,109				
9. Outside referrals	20,739,799								20,739,799				
10. Emergency room and out-of-area	28,705,302								28,705,302				
11. Prescription Drugs	63,807,049								63,807,049				
12. Aggregate write-ins for other medical and hospital	57,464,649	(2,464)							57,461,913				5,200
13. Incentive pool and withhold adjustments													
14. Subtotal (Lines 7 to 13)	320,726,900	(2,464)							320,724,164				5,200
15. Net reinsurance recoveries													
16. Total medical and hospital (Lines 14 minus 15)	320,726,900	(2,464)							320,724,164				5,200
17. Claims adjustment expenses													
18. General administrative expenses	25,752,694								25,752,694				
19. Increase in reserves for accident and health contracts													
20. Total underwriting deductions (Lines 16 to 19)	346,479,594	(2,464)							346,476,858				5,200
21. Total underwriting gain or (loss) (Line 6 minus Line 20)	(30,095,199)	2,464							(30,092,463)				(5,200)
DETAILS OF WRITE-INS													
0501. BHD Revenue.....	337,634								337,634				
0502.													
0503.													
0598. Summary of remaining write-ins for Line 5 from overflow page													
0599. Totals (Lines 0501 thru 0503 plus 0598) (Line 5 above)	337,634								337,634				
1201. Hospital Outpatient.....	48,745,639								48,745,639				
1202. Ambulance / Transportation.....	6,369,134								6,369,134				
1203. Home Health Care.....	3,615,315								3,615,315				
1298. Summary of remaining write-ins for Line 12 from overflow page	(1,265,439)	(2,464)							(1,268,175)				5,200
1299. Totals (Lines 1201 thru 1203 plus 1298) (Line 12 above)	57,464,649	(2,464)							57,461,913				5,200

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

	1	2	3	4
Line of Business	Direct Business	Reinsurance Assumed	Reinsurance Ceded	Net Premium Income (Cols. 1+2-3)
1. Comprehensive (medical and hospital)				
2. Medicare Supplement				
3. Dental Only.....				
4. Vision Only.....				
5. Federal Employees Health Benefits Plan Premiums				
6. Title XVIII - Medicare				
7. Title XIX - Medicaid.....	316,314,246		267,485	316,046,762
8. Other				
9. Totals	316,314,246		267,485	316,046,762

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Payments during the year:									
1.1 Direct	329,228,697							329,228,697	
1.2 Reinsurance assumed									
1.3 Reinsurance ceded									
1.4 Net	329,228,697							329,228,697	
2. Paid medical incentive pools and bonuses	6,528,737							6,528,737	
3. Claim liability December 31, current year from Part 2A:									
3.1 Direct	95,543,247	768						94,667,030	875,449
3.3 Reinsurance assumed									
3.3 Reinsurance ceded									
3.4 Net	95,543,247	768						94,667,030	875,449
4. Claim reserve December 31, current year from Part 2D:									
4.1 Direct									
4.2 Reinsurance assumed									
4.3 Reinsurance ceded									
4.4 Net									
5. Accrued medical incentive pools and bonuses, current year									
6. Amounts recoverable from reinsurers December 31, current year									
7. Claim liability December 31, prior year from Part 2A:									
7.1 Direct	104,045,044	3,232						103,171,563	870,249
7.2 Reinsurance assumed									
7.3 Reinsurance ceded									
7.4 Net	104,045,044	3,232						103,171,563	870,249
8. Claim reserve December 31, prior year from Part 2D:									
8.1 Direct									
8.2 Reinsurance assumed									
8.3 Reinsurance ceded									
8.4 Net									
9. Accrued medical incentive pools and bonuses, prior year	6,528,737							6,528,737	
10. Amounts recoverable from reinsurers December 31, prior year									
11. Incurred Benefits:									
11.1 Direct	320,726,900	(2,464)						320,724,164	5,200
11.2 Reinsurance assumed									
11.3 Reinsurance ceded									
11.4 Net	320,726,900	(2,464)						320,724,164	5,200
12. Incurred medical incentive pools and bonuses									

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Medical & Hospital)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Other
1. Reported in Process of Adjustment:									
1.1. Direct	63, 907, 397	768						63, 031, 180	875, 449
1.2. Reinsurance assumed									
1.3. Reinsurance ceded									
1.4. Net	63, 907, 397	768						63, 031, 180	875, 449
2. Incurred but Unreported:									
2.1. Direct	31, 635, 850							31, 635, 850	
2.2. Reinsurance assumed									
2.3. Reinsurance ceded									
2.4. Net	31, 635, 850							31, 635, 850	
3. Amounts Withheld from Paid Claims and Capitations:									
3.1. Direct									
3.2. Reinsurance assumed									
3.3. Reinsurance ceded									
3.4. Net									
4. TOTALS:									
4.1. Direct	95, 543, 247	768						94, 667, 030	875, 449
4.2. Reinsurance assumed									
4.3. Reinsurance ceded									
4.4. Net	95, 543, 247	768						94, 667, 030	875, 449

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (medical and hospital)						
2. Medicare Supplement						
3. Dental Only.....						
4. Vision Only.....						
5. Federal Employees Health Benefits Plan Premiums						
6. Title XVIII - Medicare						
7. Title XIX - Medicaid.....	39,137,015	290,091,682	60,055,354	34,611,677	99,192,369	96,941,757
8. Other			876,218		876,218	873,481
9. Subtotal	39,137,015	290,091,682	60,931,572	34,611,677	100,068,587	97,815,238
10. Medical incentive pools, accruals and disbursements	6,528,737				6,528,737	6,528,737
11. Totals	45,665,752	290,091,682	60,931,572	34,611,677	106,597,324	104,343,975

Pt 2C - Sn A - Paid Claims - HM

NONE

Pt 2C - Sn A - Paid Claims - MS

NONE

Pt 2C - Sn A - Paid Claims - DO

NONE

Pt 2C - Sn A - Paid Claims - VO

NONE

Pt 2C - Sn A - Paid Claims - FE

NONE

Pt 2C - Sn A - Paid Claims - XV

NONE

12

Section A - Paid Claims - Title XIX Medicaid

Section C – Incurred Year Claims and Claims Adjustment Expense Ratio – Title XIX Medicaid

[illegible]

Pt 2C - Sn A - Paid Claims - OT
NONE

Pt 2C - Sn A - Paid Claims - GT
NONE

Pt 2C - Sn B - Incurred Claims - HM
NONE

Pt 2C - Sn B - Incurred Claims - MS
NONE

Pt 2C - Sn B - Incurred Claims - DO
NONE

Pt 2C - Sn B - Incurred Claims - VO
NONE

Pt 2C - Sn B - Incurred Claims - FE
NONE

Pt 2C - Sn B - Incurred Claims - XV
NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS

	1	2	3	4	5	6	7	8	9
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other
POLICY RESERVE									
1. Unearned premium reserves									
2. Additional policy reserves (a)									
3. Reserve for future contingent benefits									
4. Reserve for rate credits or experience rating refunds (including \$ for investment income)									
5. Aggregate write-ins for other policy reserves									
6. Totals (Gross)									
7. Reinsurance ceded									
8. Totals (Net)(Page 3, Line 4)									
CLAIM RESERVE									
9. Present value of amounts not yet due on claims									
10. Reserve for future contingent benefits									
11. Aggregate write-ins for other claim reserves									
12. Totals (Gross)									
13. Reinsurance ceded									
14. Totals (Net)(Page 3, Line 5)									
DETAILS OF WRITE-INS									
0501.									
0502.									
0503.									
0598. Summary of remaining write-ins for Line 5 from overflow page									
0599. TOTALS (Lines 0501 thru 0503 plus 0598) (Line 5 above)									
1101.									
1102.									
1103.									
1198. Summary of remaining write-ins for Line 11 from overflow page									
1199. TOTALS (Lines 1101 thru 1103 plus 1198) (Line 11 above)									
(a) Includes \$ premium deficiency reserve.									

NONE

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	1 Claim Adjustment Expenses	2 General Administration Expenses	3 Investment Expenses	4 Total
1. Rent (\$ for occupancy of own building).....		962,951		962,951
2. Salaries, wages and other benefits.....		10,701,553		10,701,553
3. Commissions (less \$ ceded plus \$ assumed).....				
4. Legal fees and expenses.....		491,134		491,134
5. Certifications and accreditation fees.....		79,783		79,783
6. Auditing, actuarial and other consulting services.....		541,929		541,929
7. Traveling expenses.....		88,055		88,055
8. Marketing and advertising.....		1,252		1,252
9. Postage, express and telephone.....		664,636		664,636
10. Printing and office supplies.....		1,111,757		1,111,757
11. Occupancy, depreciation and amortization.....		541,873		541,873
12. Equipment.....		356,827		356,827
13. Cost or depreciation of EDP equipment and software.....		178,412		178,412
14. Outsourced services including EDP, claims, and other services.....		2,467,657		2,467,657
15. Boards, bureaus and association fees.....				
16. Insurance, except on real estate.....		56,753		56,753
17. Collection and bank service charges.....		8,680		8,680
18. Group service and administration fees.....				
19. Reimbursements by uninsured accident and health plans.....				
20. Reimbursements from fiscal intermediaries.....				
21. Real estate expenses.....				
22. Real estate taxes.....				
23. Taxes, licenses and fees:				
23.1 State and local insurance taxes.....		15		15
23.2 State premium taxes.....		6,712,141		6,712,141
23.3 Regulatory authority licenses and fees.....				
23.4 Payroll taxes.....		655,874		655,874
23.5 Other (excluding federal income and real estate taxes).....				
24. Investment expenses not included elsewhere.....		131,410		131,410
25. Aggregate write-ins for expenses.....				
26. Total expenses incurred (Lines 1 to 25).....		25,752,694	(a)	25,752,694
27. Add expenses unpaid December 31, prior year.....		1,580,742		1,580,742
28. Less expenses unpaid December 31, current year.....		918,053		918,053
29. Amounts receivable related to uninsured accident and health plans, prior year.....				
30. Amounts receivable related to uninsured accident and health plans, current year.....				
31. Total expenses paid (Lines 26 + 27 - 28 - 29 + 30)		26,415,383		26,415,383
DETAIL OF WRITE-INS				
2501. Federal Income Tax.....				
2502.				
2503.				
2598. Summary of remaining write-ins for Line 25 from overflow page.....				
2599. Totals (Line 2501 thru 2503 plus 2598)(Line 25 above)				

(a) Includes management fees of \$ to affiliates and \$ to non-affiliates.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a) .....	.....
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) .....	.....
1.3	Bonds of affiliates	(a) .....	.....
2.1	Preferred stocks (unaffiliated)	(b) .....	.....
2.11	Preferred stocks of affiliates	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....	.....
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....	.....
5.	Contract loans .....	.....	.....
6.	Cash/short-term investments	(e) 510,345	510,345
7.	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....	.....
10.	Total gross investment income	510,345	510,345
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income .....		.....
16.	Total (Lines 11 through 15) .....		.....
17.	Net Investment Income - (Line 10 minus Line 16)		510,345
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....		.....
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)		.....
1501.	.....		.....
1502.	.....		.....
1503.	.....		.....
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		.....

(a) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4	5
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Increases (Decreases) by Adjustment	Net Gain (Loss) from Change in Difference Between Basis Book/ Adjusted Carrying and Admitted Values	Total
1.	U.S. Government bonds					
1.1	Bonds exempt from U.S. tax					
1.2	Other bonds (unaffiliated)					
1.3	Bonds of affiliates					
2.1	Preferred stocks (unaffiliated)					
2.11	Preferred stocks of affiliates					
2.2	Common stocks (unaffiliated)					
2.21	Common stocks of affiliates					
3.	Mortgage loans					
4.	Real estate					
5.	Contract loans					
6.	Cash/Short-term investments					
7.	Derivative instruments					
8.	Other invested assets					
9.	Aggregate write-ins for capital gains (losses)					
10.	Total capital gains (losses)					
DETAILS OF WRITE-INS						
0901.	.....				
0902.	.....				
0903.	.....				
0998.	Summary of remaining write-ins for Line 9 from overflow page					
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)					

EXHIBIT 1 - ANALYSIS OF NONADMITTED ASSETS AND RELATED ITEMS

	1 End of Current Year	2 End of Prior Year	3 Changes for Year (Increase) or Decrease
1. Summary of Items Page 2, Lines 10 to 13 and 15 to 20, Column 2	201, 495	245, 240	43, 745
2. Other Non-Admitted Assets:			
2.1 Bills receivable.....		446, 437	446, 437
2.2 Leasehold improvements.....			
2.3 Cash advanced to or in hands of officers and agents.....			
2.4 Loans on personal security, endorsed or not.....			
2.5 Commuted commissions.....			
3. Total (Lines 2.1 to 2.5)		446, 437	446, 437
4. Aggregate write-ins for other assets.....	1, 851, 660	598, 616	(1, 253, 044)
5. Total (Line 1 plus Lines 3 and Line 4)	2, 053, 156	1, 290, 294	(762, 862)
0401. A/R Pharmacy Rebate.....	1, 827, 304	412, 054	(1, 415, 250)
0402. Prepaid Insurance.....	999	5, 761	4, 761
0403. Prepaid Service Contracts.....	12, 472	168, 642	156, 169
0498. Summary of remaining write-ins for Line 4 from overflow page	10, 885	12, 160	1, 275
0499. Totals (Lines 0401 thru 0403 plus 0498) (Line 4 above)	1, 851, 660	598, 616	(1, 253, 044)

EXHIBIT 2 - ENROLLMENT BY PRODUCT TYPE

Source of Enrollment	Total Members at End of					6 Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	5 Current Year	
1. Health Maintenance Organizations.....	183,893	171,333	161,006	155,765	134,917	1,910,916
2. Provider Service Organizations.....						
3. Preferred Provider Organizations.....						
4. Point of Service.....						
5. Indemnity Only.....						
6. Aggregate write-ins for other lines of business						
7. Total	183,893	171,333	161,006	155,765	134,917	1,910,916
DETAILS OF WRITE-INS						
0601.						
0602.						
0603.						
0698. Summary of remaining write-ins for Line 6 from overflow page						
0699. Totals (Lines 0601 thru 0603 plus 0698) (Line 6 above)						

EXHIBIT 3 - ACCIDENT AND HEALTH PREMIUMS DUE AND UNPAID

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE XANTUS Healthplan of Tennessee, Inc.

EXHIBIT 4 - HEALTH CARE RECEIVABLES

1 Name of Debtor	2 1 - 30 Days	3 31 - 60 Days	4 61 - 90 Days	5 Over 90 Days	6 Nonadmitted	7 Admitted
Individually Listed Receivables:						
NONE						
0599999 Gross health care receivables						

EXHIBIT 5 - CLAIMS PAYABLE (Reported and Unreported)

[illegible]

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE XANTUS Healthplan of Tennessee, Inc.

EXHIBIT 6 - AMOUNTS DUE FROM PARENT, SUBSIDIARIES AND AFFILIATES

[illegible]

NOTE: Current assets at December 31, 2002 include inter-company receivables in the amount of \$ 13,174,135 and an allowance for doubtful accounts of \$ 13,174,135. Based on data provided by XC, the inter-company receivables, in the amount of \$ 13,174,135, appear to represent approximately: 1) \$ 9,000,000 for the retirement of XC debt, 2) \$ 3,549,231 in overpayment of management fees to XC, 3) \$ 445,425 for XC payroll costs prior to April 1, 1999, and 4) \$ 179,479 due from HealthNet for claim payments for services provided prior to 1997 used by XC as a reduction of interest payments to HealthNet.

Exh 7-Amount Due to Parent, Subs

NONE

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE XANTUS Healthplan of Tennessee, Inc.

EXHIBIT 8 PART 1- SUMMARY OF TRANSACTIONS WITH PROVIDERS

Payment Method	1 Direct Medical Expense Payment	2 Column 1 as a % of Total	3 Total Members Covered	4 Column 3 as a % of Total	5 Column 1 Expenses Paid to Affiliated Providers	6 Column 1 Expenses Paid to Non-Affiliated Providers
Capitation Payments:						
1. Medical groups						
2. Intermediaries						
3. All other providers	2,964,294	0.9	1,910,916	100.0		2,964,294
4. Total capitation payments	2,964,294	0.9	1,910,916	100.0		2,964,294
Other Payments:						
5. Fee-for-service			XXX	XXX		
6. Contractual fee payments	326,563,333	99.1	XXX	XXX		326,563,333
7. Bonus/withhold arrangements - fee-for-service			XXX	XXX		
8. Bonus/withhold arrangements - contractual fee payments			XXX	XXX		
9. Non-contingent salaries			XXX	XXX		
10. Aggregate cost arrangements			XXX	XXX		
11. All other payments			XXX	XXX		
12. Total other payments	326,563,333	99.1	XXX	XXX		326,563,333
13. TOTAL (Line 4 plus Line 12)	329,527,628	100 %	XXX	XXX		329,527,628

EXHIBIT 8 - PART 2 - SUMMARY OF TRANSACTIONS WITH INTERMEDIARIES

[illegible]

EXHIBIT 9 – FURNITURE, EQUIPMENT AND SUPPLIES OWNED

	1	2	3	4	5	6
Description	Cost	Improvements	Accumulated Depreciation	Book Value Less Encumbrances	Assets Not Admitted	Net Admitted Assets
1. Administrative furniture and equipment	732,505		531,010		201,495	
2. Medical furniture, equipment and fixtures						
3. Pharmaceuticals and surgical supplies						
4. Durable medical equipment						
5. Other property and equipment						
6. Total	732,505		531,010		201,495	

NOTES TO FINANCIAL STATEMENTS

- a. \$0 health care delivery assets included in Line 4.1, Column 3.
- b. The values for December 31, 1998 were derived from the March 31, 1999 filing by XANTUS Corporation ("XC"). These December 31, 1998 and March 31, 1999 balances are incorporated into the balances presented at December 31, 2001 and December 31, 2002. To the best of the knowledge of the Rehabilitators, these amounts rolled forward from December 31, 1998 are not audited or otherwise evaluated to determine their accuracy. As such, the Rehabilitators do not assume responsibility for, or attest to, the accuracy or validity of these amounts.
- c. The values for the quarter ended March 31, 1999 were derived from data provided by XC and subsequent modifications based on facts determined by the Rehabilitators after March 31, 1999, so as to most accurately reflect adjustments known to have occurred in the quarter ended March 31, 1999. These March 31, 1999 balances are incorporated into the balances presented at December 31, 2001 and December 31, 2002. To the best of the knowledge of the Rehabilitators, the data provided by XC was not audited or otherwise evaluated to determine its accuracy. As such, the Rehabilitators do not assume responsibility for, or attest to, the accuracy or validity of these amounts.
- d. Current Assets at December 31, 2002 include inter-company receivables in the amount of \$15,034,436 and an allowance for doubtful accounts of \$15,034,436. Based on data provided by XC, the inter-company receivables, in the amount of \$15,034,436, appear to represent approximately: 1) \$9,000,000 for the retirement of XC debt; 2) \$3,549,231 in overpayment of management fees to XC; 3) \$445,425 for XC payroll costs prior to April 1, 1999; 4) \$179,479 due from Health Net for claim payments for services provided prior to 1997 used by XC as a reduction of interest payments to Health Net.; 5) \$1,827,281 Federal Income Tax; and 6) \$33,020 Franchise & Excise Tax.
- e. Current Assets at December 31, 2002 include a receivable from providers in the amount of \$1,886,129 and an allowance for doubtful accounts of \$1,886,129. This amount represents total advance payments made during April and May 1999, in the amount of \$26,063,745, less recovery through December 31, 2001 in the amount of \$24,177,616.
- f. Claims Payable in the amount of \$95,543,247, represents both Pre-Petition and Post-Petition claims liability. TennCare Pre-Petition claims liability, in the amount of \$57,002,443, represents the sum total of all medical claim obligations owed to providers for dates of service prior to April 1, 1999. Of this \$57,002,443, the State of Tennessee is working on acquiring \$20,000,000 of which approximately \$19,631,434 has been acquired as of December 31, 2002. TennCare Post-Petition claims liability, in the amount of \$37,664,587 represents the estimated outstanding claims liability of medical claim obligations owed to providers for dates of service after March 31, 1999 through December 31, 2002. The remaining \$876,217 represents the estimated medical claims obligations owed to providers for the ESRD Demonstration project and the Community Plus commercial plan.
- g. Claims Payable includes an estimated \$ 2,300,000 adjustment for the value of the 1999 RBRVS fee schedule update. The adjustment is required since XC had not updated the RBRVS fee schedule for provider payments since 1997. The research to determine the final amount remains in progress as of the date this filing was signed.
- h. Pre-Petition Premium Tax obligations, in the amount of \$1,601,539, remain due for the quarter ended March 31, 1999 and for the year ended December 31, 1998. The remaining amount of \$2,457,934 represents tax liability incurred after March 31, 1999 that has been reported and paid timely.
- i. The Rehabilitators do not assume responsibility for, or attest to, the accuracy or validity of these claims against the assets of XHT. These balances have been brought forward from prior Financial Statements prepared by XC and are not audited or otherwise evaluated to determine their accuracy for the time periods represented by this filing. As such, the Rehabilitators do not assume responsibility for, or attest to, the accuracy or validity of the amounts reported by XC.
- j. Premium revenue is based on the contract negotiated between TennCare and XHT and must be adjusted to reflect actual cost upon completion of the required reconciliation process.
- k. Based on the agreement between CMS, XHT, and TennCare, financial audits will be performed quarterly. The purpose of the audits is to review XHT TennCare expenditures. CMS has agreed to reimburse TennCare for XHT related expenditures in accordance with Medicare cost sharing standards during Rehabilitation or until such time as XHT returns to an at risk status.
- l. Consistent with the Deloitte and Touche financial audit performed for the period ended December 31, 2000, TennCare pre-petition claims liability in the amount of \$57,002,443 was increased at June 30, 2001 by \$1,093,240 from the previously filed liability of \$55,909,203. The adjustment is required in order to properly reflect the TennCare pre-petition debt per the claims distribution analysis finalized during the 2nd quarter of 2001.

NOTES TO FINANCIAL STATEMENTS

- m. Consistent with the Deloitte and Touche financial audit performed for the period ended December 31, 2000, prior period adjustments/allowances in the amount of \$16,830,898 were recorded at June 30, 2001: 1) to reduce prior year retained earnings by \$14,678,589 for pre-petition receivables (\$14,498,641 Due from XC; \$49,923 Due from Providers; \$130,025 Due from Premier); and 2) to reduce current year retained earnings by \$2,152,309 for post-petition receivables (\$535,795 TennCare Due from XC; \$1,336,206 Due from Providers; \$40,680 Due from Premier; \$157,029 ESRD Receivables; \$82,600 Premium Tax Payable).

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. Treasury securities	300,000	11.538	300,000	1.681
1.2 U.S. government agency and corporate obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies	2,300,000	88.462	2,300,000	12.884
1.22 Issued by U.S. government sponsored agencies				
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)				
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations				
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations				
1.43 Revenue and assessment obligations				
1.44 Industrial development and similar obligations				
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Guaranteed by GNMA				
1.512 Issued by FNMA and FHLMC				
1.513 Privately issued				
1.52 CMOs and REMICs:				
1.521 Issued by FNMA and FHLMC				
1.522 Privately issued and collateralized by MBS issued or guaranteed by GNMA, FNMA, or FHLMC				
1.523 All other privately issued				
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)				
2.2 Unaffiliated foreign securities				
2.3 Affiliated securities				
3. Equity interests:				
3.1 Investments in mutual funds				
3.2 Preferred stocks:				
3.21 Affiliated				
3.22 Unaffiliated				
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated				
3.32 Unaffiliated				
3.4 Other equity securities:				
3.41 Affiliated				
3.42 Unaffiliated				
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated				
3.52 Unaffiliated				
4. Mortgage loans:				
4.1 Construction and land development				
4.2 Agricultural				
4.3 Single family residential properties				
4.4 Multifamily residential properties				
4.5 Commercial loans				
5. Real estate investments:				
5.1 Property occupied by the company				
5.2 Property held for the production of income (includes \$ of property acquired in satisfaction of debt)				
5.3 Property held for sale (\$ including property acquired in satisfaction of debt)				
6. Policy loans				
7. Receivables for securities			6,615	0.037
8. Cash and short-term investments			15,244,791	85.398
9. Other invested assets				
10. Total invested assets	2,600,000	100.000	17,851,406	100.000

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [X] No []
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] NA []
- 1.3

State Regulating?

Tennessee
- (1),(2) 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]
- 2.2

If yes, date of change:

If not previously filed, furnish herewith a certified copy of the instrument as amended.
- (1) 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.

03/31/1998
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.

06/30/1996
- (1) 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).

04/30/1997
- (1) 3.4

By what department or departments? Tennessee Department of Commerce and Insurance
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11 sales of new business?

Yes [] No [X]
- 4.12 renewals?

Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21 sales of new business?

Yes [] No [X]
- 4.22 renewals?

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- 5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period? (You need not report an action, either formal or informal, if a confidentiality clause is part of the agreement.)

Yes [] No [X]
- 6.2

If yes, give full information:
- (1) 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]
- 7.2

If yes,

7.21 State the percentage of foreign control;

7.22 State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

GENERAL INTERROGATORIES

(continued)

8.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Deloitte & Touche, Nashville, TN.....
9.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with a(n) actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Reden & Anders, Minneapolis, MN.....
- (1)

10.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- (1)

10.1

What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- N/A

10.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No []
- N/A

10.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No []
- 10.4

If answer to (10.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] NA []

BOARD OF DIRECTORS

- (1),(3)

11.

Is the purchase or sale of all investments of the reporting entity passed upon either by the Board of Directors or a subordinate committee thereof?

Yes [] No [X]
- (1),(3)

12.

Does the reporting entity keep a complete permanent record of the proceedings of its Board of Directors and all subordinate committees thereof?

Yes [] No []
- (1),(3)

13.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees which is in or likely to conflict with the official duties of such person?.

Yes [] No []

FINANCIAL

- (1)

14.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

14.11 To directors or other officers ..

14.12 To stockholders not officers ...

14.13 Trustees, supreme or grand (Fraternal only)

\$.None

\$.None

\$.None
- (1)

14.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

14.21 To directors or other officers ...

14.22 To stockholders not officers

14.23 Trustees, supreme or grand (Fraternal only)

\$.None By Rehabilitators

\$.None By Rehabilitators

\$.None By Rehabilitators
- (1)

15.1

Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement? UNKNOWN.....

Yes [] No [X]
- 15.2

If yes, state the amount thereof at December 31 of the current year:

15.21 Rented from others

15.22 Borrowed from others

15.23 Leased from others

15.24 Other

\$ N/A

\$ N/A

\$ N/A

\$
- Disclose in Notes to Financial Statements the nature of each of these obligations.
- 16.1

Does this statement include payments for assessments as described in the Annual Statement Instructions other than guaranty fund or guaranty association assessments?

Yes [] No [X]
- 16.2

If answer is yes,

16.21 Amount paid as losses or risk adjustment

16.22 Amount paid as expenses

16.23 Other amounts paid

\$ N/A

\$ N/A

\$ N/A

GENERAL INTERROGATORIES
(continued)
INVESTMENT

(1) 17. List the following capital stock information for the reporting entity:

Class	1 Number of Shares Authorized	2 Number of Shares Outstanding	3 Par Value Per Share	4 Redemption Price if Callable	5 Is Dividend Rate Limited?		6 Are Dividends Cumulative?	
					Yes	No	Yes	No
Preferred					[]	[]	[]	[]
Common	1, 000, 000	100, 000	1, 000. 000	XXX	XXX	XXX	XXX	XXX

(1) 18.1. Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 2 - Special Deposits? Yes [] No [X]

(1) 18.2 If no, give full and complete information relating thereto:

UNKNOWN

(1) 19.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 2 - Special Deposits; or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 15.1) UNKNOWN
Yes [] No []

(1) 19.2 If yes, state the amount thereof at December 31 of the current year:

19.21	Loaned to others	\$.....	UNKNOWN
19.22	Subject to repurchase agreements	\$.....	UNKNOWN
19.23	Subject to reverse repurchase agreements	\$.....	UNKNOWN
19.24	Subject to dollar repurchase agreements	\$.....	UNKNOWN
19.25	Subject to reverse dollar repurchase agreements	\$.....	UNKNOWN
19.26	Pledged as collateral	\$.....	UNKNOWN
19.27	Placed under option agreements	\$.....	UNKNOWN
19.28	Letter stock or other securities restricted as to sale ...	\$.....	UNKNOWN
19.29	Other	\$.....	UNKNOWN

(1) 19.3 For each category above, if any of these assets are held by others, identify by whom held:

19.31	UNKNOWN	19.35	.....
19.32	.....	19.36	.....
19.33	.....	19.37	.....
19.34	.....	19.38	.....
		19.39	.....

For categories (19.21) and (19.23) above, and for any other securities that were made available for use by another person during the period covered by this statement, attach a schedule as shown in the instructions to the annual statement.

(1) 19.4 For category (19.28) provide the following: UNKNOWN

1 Nature of Restriction	2 Description	3 Amount
.....
.....

20.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

20.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA [X]
If no, attach a description with this statement.

(1) 21.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? UNKNOWN
Yes [] No []

21.2. If yes, state the amount thereof at December 31 of the current year. N/A \$..... N/A

22. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1-General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook?..... Yes [] No []

22.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

1 Name of Custodian(s)	2 Custodian's Address
N/A	
.....
.....

GENERAL INTERROGATORIES
(continued)
INVESTMENT

(1) 22.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

1 Name(s)	2 Location(s)	3 Complete Explanation(s)
N/A		

(1) 22.03 Have there been any changes, including name changes, in the custodian(s) identified in 22.01 during the current year?..... Yes [] No []

(1) 22.04 If yes, give full and complete information relating thereto:

1 Old Custodian	2 New Custodian	3 Date of Change	4 Reason
N/A			

(1) 22.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

1 Central Registration Depository Number(s)	2 Name	3 Address
None By Rehabilitators		

OTHER

(1) 23.1 Amount of payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus, if any?..... \$..... UNKNOWN

(1) 23.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to Trade Associations, Service Organizations and Statistical or Rating Bureaus during the period covered by this statement.

1 Name	2 Amount Paid
None By Rehabilitators	\$..... \$..... N/A

(1) 24.1 Amount of payments for legal expenses, if any?..... \$..... 575,253

24.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
Waller, Lansden, Dorch & Davis, PLLC.....	\$ 92, 231
Wyatt, Tarrant & Combs, LLP.....	\$ 247, 038
Farmer & Luna, PLLC.....	\$ 235, 985

(1) 25.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any? \$ N/A

(1) 25.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
None By Rehabilitators	\$..... \$..... N/A \$.....

GENERAL INTERROGATORIES
(continued)

PART 2 - HEALTH INTERROGATORIES

(1) 1.1 Does the reporting entity have any direct Medicare Supplement Insurance in force? Yes [] No [X]
(1) 1.2 If yes, indicate premium earned on U. S. business only UNKNOWN \$
(1) 1.3 What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit? \$
1.31 Reason for excluding UNKNOWN
1.4 Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above. UNKNOWN \$ N/A
1.5 Indicate total incurred claims on all Medicare Supplement Insurance. \$ N/A
1.6 Individual policies:
N/A Most current three years:
1.61 Total premium earned \$ N/A
1.62 Total incurred claims \$ N/A
1.63 Number of covered lives \$ N/A
All years prior to most current three years:
1.64 Total premium earned \$ N/A
1.65 Total incurred claims \$ N/A
1.66 Number of covered lives \$ N/A
(1) 1.7 Group policies:
Most current three years:
1.71 Total premium earned \$ N/A
1.72 Total incurred claims \$ N/A
1.73 Number of covered lives \$ N/A
All years prior to most current three years:
1.74 Total premium earned \$ N/A
1.75 Total incurred claims \$ N/A
1.76 Number of covered lives \$ N/A
(1) 2.1 Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits? By Rehabilitators Yes [] No [X]
(1) 2.2 If yes, give particulars:
(1) 3.1 Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and departments been filed with the appropriate regulatory agency? Yes [X] No []
3.2 If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered? N/A Yes [] No []
(1) 4.1 Does the reporting entity have stop-loss reinsurance? Yes [X] No []
(1) 4.2 If no, explain:
N/A
(1) 4.3 Maximum retained risk (see instructions)
4.31 Comprehensive Medical \$
4.32 Medical Only INPATIENT \$ 1,000,000
4.33 Medicare Supplement \$
4.34 Dental \$
4.35 Other Limited Benefit Plan \$
4.36 Other \$
(4) 5. Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:
6.1 Does the reporting entity set up its claim liability for provider services on a service data base? Yes [X] No []
6.2 If no, give details:
7. Provide the following Information regarding participating providers:
7.1 Number of providers at start of reporting year
7.2 Number of providers at end of reporting year
(1) 8.1 Does the reporting entity have business subject to premium rate guarantees? Yes [] No [X]
8.2 If yes, direct premium earned:
8.21 Business with rate guarantees between 15-36 months
8.22 Business with rate guarantees over 36 months
(1) 9.1 Does the reporting entity have Bonus/Withhold Arrangements in its provider contract? Yes [X] No []
9.2 If yes:
9.21 Maximum amount payable bonuses \$
9.22 Amount actually paid for year bonuses \$
9.23 Maximum amount payable withholds \$
9.24 Amount actually paid for year withholds \$
10. List service areas in which reporting entity is licensed to operate:

Table with 1 column: Name of Service Area. Row 1: State of Tennessee. Rows 2-5: Empty.

GENERAL INTERROGATORIES

FOOTNOTES

- (1) The Rehabilitators do not assume responsibility for, nor attest to, the accuracy or validity of any information related to XANTUS Healthplan of Tennessee, Inc. ("XHT") prior to April 1, 1999. To the best of the knowledge of the Rehabilitators, any amounts shown prior to April 1, 1999 have not been audited nor evaluated for their accuracy by a licensed certified public accountant using generally accepted auditing standards.
- (2) To the best of the knowledge of the Rehabilitators, without independent investigation, the Rehabilitators have not made any changes since the last reporting date to contracts with physicians or hospitals or subscribers where submission is required by state regulation. The Rehabilitators are aware that previous management made such changes.
- (3) The State of Tennessee was assigned to be Statutory Rehabilitator of XHT through the CONSENT ORDER APPOINTING COMMISSIONER AS RECEIVER FOR PURPOSES OF REHABILITATION by STATE OF TENNESSEE, ex rel., DOUGLAS SIZEMORE, Commissioner of Commerce and Insurance for the State of Tennessee, v. XANTUS HEALTHPLAN OF TENNESSEE, INC.; IN THE CHANCERY COURT OF THE STATE OF TENNESSEE, TWENTIETH JUDICIAL DISTRICT, DAVIDSON COUNTY, No. 99-917-11.
- (4) The reporting entity protects their enrollees against the risk that the reporting entity will become insolvent by contractually obligating the provider to continue to provide health services to the enrollee until either when the enrollee is discharged from the Facility or the enrollee becomes covered under another plan of health insurance with similar benefits. Additionally, the provider agrees to accept payment or appropriate denial by the reporting entity as payment in full for covered services furnished by the provider. The provider is prohibited from soliciting or accepting any surety, guarantee of payment, or any other additional payment from the enrollee in excess of the amount of applicable deductibles, co-payments and/or special fees required by TennCare. Finally the provider indemnifies the reporting entity for a breach of the agreement between the provider and reporting entity.

FIVE-YEAR HISTORICAL DATA

	1 2002	2 2001	3 2000	4 1999	5 1998
BALANCE SHEET ITEMS (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 23)	50,185,196	59,167,190	45,116,929	37,649,378	34,108,345
2. Total liabilities (Page 3, Line 18)	127,687,952	136,196,702	124,849,751	117,575,509	58,461,533
3. Statutory surplus	8,499,778	8,012,952	7,052,879		
4. Total capital and surplus (Page 3, Line 26)	(77,502,757)	(77,029,512)	(79,732,822)	(79,926,131)	(24,353,188)
INCOME STATEMENT ITEMS (Page 4)					
5. Total revenues (Line 7)	316,384,395	284,131,313	221,226,811	229,629,523	260,143,611
6. Total medical and hospital expenses (Line 17)	320,726,900	269,383,349	200,161,100	211,088,311	253,145,854
7. Total administrative expenses (Line 19)	25,752,694	24,028,583	23,675,216	31,098,589	34,209,211
8. Net underwriting gain (loss) (Line 22)	(30,095,199)	(7,107,287)			
9. Net investment gain (loss) (Line 25)	510,345	2,105,649			
10. Total other income (Lines 26 plus 27)	29,874,471	5,377,448			
11. Net income (loss) (Line 30)	289,617	375,810			
RISK - BASED CAPITAL ANALYSIS					
12. Total adjusted capital	(77,502,757)				
13. Authorized control level risk-based capital	6,118,738	11,091,949			
ENROLLMENT (Exhibit 2)					
14. Total members at end of period (Column 5, Line 7)	134,917	183,893	135,807	148,748	178,299
15. Total member months (Column 6, Line 7)	1,910,916	1,966,060	1,674,480	1,941,241	2,139,350
OPERATING PERCENTAGE (Page 4) (Item divided by Page 4, sum of Line 2, 3 and 5)					
16. Premiums earned (Line 2 plus 3)	100.0	100.0	100.0	100.0	100.0
17. Total medical and hospital (Line 17)	101.5	95.1	91.0	92.3	97.7
18. Total underwriting deductions (Line 21)	109.6	102.8			
19. Total underwriting gain (loss) (Line 22)	(9.5)	(2.5)			
UNPAID CLAIMS ANALYSIS (U&I Exhibit, Part 2B)					
20. Total claims incurred for prior years (Line 11, Col. 5)	106,597,324	89,888,946			
21. Estimated liability of unpaid claims – [prior year (Line 11, Col. 6)]	104,343,975	88,236,738	86,648,220		37,339,240

FIVE-YEAR HISTORICAL DATA (Continued)

	1 2002	2 2001	3 2000	4 1999	5 1998
INVESTMENTS IN PARENT, SUBSIDIARIES AND AFFILIATES					
22. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)					
23. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)					
24. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)					
25. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)					
26. Affiliated mortgage loans on real estate					
27. All other affiliated					
28. Total of above Lines 22 to 27					

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE XANTUS Healthplan of Tennessee, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION		XANTUS Healthplan of Tennessee, Inc.		2. DIVISION		(LOCATION)					
NAIC Group Code	1239	BUSINESS IN THE STATE OF Tennessee			DURING THE YEAR 2002			NAIC Company Code			95465
	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	
		2	3								
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other	
Total Members at end of:											
1. Prior Year		183, 893							183, 893		
2. First Quarter		171, 333							171, 333		
3. Second Quarter		161, 006							161, 006		
4. Third Quarter		155, 765							155, 765		
5. Current Year		134, 917							134, 917		
6. Current Year Member Months		1, 910, 916							1, 910, 916		
Total Member Ambulatory Encounters for Year:											
7. Physician											
8. Non-Physician											
9. Total											
10. Hospital Patient Days Incurred											
11. Number of Inpatient Admissions											
12. Premiums Collected											
13. Premiums Earned											
14. Amount Paid for Provision of Health Care Services		329, 527, 628							329, 527, 628		
15. Amount Incurred for Provision of Health Care Services		320, 726, 900	(2, 464)						320, 724, 164	5, 200	

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE XANTUS Healthplan of Tennessee, Inc.

EXHIBIT OF PREMIUMS, ENROLLMENT AND UTILIZATION

REPORT FOR: 1. CORPORATION		XANTUS Healthplan of Tennessee, Inc.		2. DIVISION		(LOCATION)					
NAIC Group Code	1239	BUSINESS IN THE STATE OF Consolidated			DURING THE YEAR 2002			NAIC Company Code			95465
	1	Comprehensive (Hospital & Medical)		4	5	6	7	8	9	10	
		2	3								
	Total	Individual	Group	Medicare Supplement	Vision Only	Dental Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Other	
Total Members at end of:											
1. Prior Year		183, 893							183, 893		
2. First Quarter		171, 333							171, 333		
3. Second Quarter		161, 006							161, 006		
4. Third Quarter		155, 765							155, 765		
5. Current Year		134, 917							134, 917		
6. Current Year Member Months		1, 910, 916							1, 910, 916		
Total Member Ambulatory Encounters for Year:											
7. Physician											
8. Non-Physician											
9. Total											
10. Hospital Patient Days Incurred											
11. Number of Inpatient Admissions											
12. Premiums Collected											
13. Premiums Earned											
14. Amount Paid for Provision of Health Care Services		329, 527, 628							329, 527, 628		
15. Amount Incurred for Provision of Health Care Services		320, 726, 900	(2, 464)						320, 724, 164	5, 200	

Schedule A - Verification

NONE

Schedule B - Verification

NONE

Schedule BA - Verification

NONE

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value (a)	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	2, 600, 000	2, 607, 814	2, 607, 814	2, 600, 000
	2. Canada				
	3. Other Countries				
	4. Totals	2, 600, 000	2, 607, 814	2, 607, 814	2, 600, 000
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals				
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States.....				
	10. Canada.....				
	11. Other Countries				
	12. Totals				
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States				
	14. Canada				
	15. Other Countries				
	16. Totals				
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals				
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States				
	22. Canada				
	23. Other Countries				
	24. Totals				
Parent, Subsidiaries and Affiliates	25. Totals				
	26. Total Bonds	2, 600, 000	2, 607, 814	2, 607, 814	2, 600, 000
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals				
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals				
Parent, Subsidiaries and Affiliates	39. Totals				
	40. Total Preferred Stocks				
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals				
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals				
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals				
Parent, Subsidiaries and Affiliates	53. Totals				
	54. Total Common Stocks				
	55. Total Stocks				
	56. Total Bonds and Stocks	2, 600, 000	2, 607, 814	2, 607, 814	

(a) The aggregate value of bonds which are valued at other than actual fair value is \$

SCHEDULE D - VERIFICATION BETWEEN YEARS

1. Book/adjusted carrying value of bonds and stocks, prior year	2, 300, 000	6. Foreign Exchange Adjustment:	
2. Cost of bonds and stocks acquired, Column 6, Part 3	2, 400, 000	6.1 Column 17, Part 1	
3. Increase (decrease) by adjustment:		6.2 Column 13, Part 2, Sec. 1	
3.1 Column 16, Part 1		6.3 Column 11, Part 2, Sec. 2	
3.2 Column 12, Part 2, Sec. 1		6.4 Column 11, Part 4	
3.3 Column 10, Part 2, Sec. 2			
3.4 Column 10, Part 4		7. Book/adjusted carrying value at end of current period	2, 600, 000
4. Total gain (loss), Col. 14, Part 4		8. Total valuation allowance	
5. Deduct consideration for bonds and stocks disposed of		9. Subtotal (Lines 7 plus 8)	2, 600, 000
Column 6, Part 4	2, 100, 000	10. Total nonadmitted amounts	
		11. Statement value of bonds and stocks, current period	2, 600, 000

SCHEDULE D - PART 1A - SECTION 1

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations											
Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Class 1		300,000	2,300,000			2,600,000	97.6	2,300,000	100.0	2,600,000	
1.2 Class 2											
1.3 Class 3											
1.4 Class 4											
1.5 Class 5											
1.6 Class 6											
1.7 Totals		300,000	2,300,000			2,600,000	97.6	2,300,000	100.0	2,600,000	
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Class 1	62,608					62,608	2.4			62,608	
2.2 Class 2											
2.3 Class 3											
2.4 Class 4											
2.5 Class 5											
2.6 Class 6											
2.7 Totals	62,608					62,608	2.4			62,608	
3. States, Territories and Possessions etc., Guaranteed, Schedules D & DA (Group 3)											
3.1 Class 1											
3.2 Class 2											
3.3 Class 3											
3.4 Class 4											
3.5 Class 5											
3.6 Class 6											
3.7 Totals											
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Class 1											
4.2 Class 2											
4.3 Class 3											
4.4 Class 4											
4.5 Class 5											
4.6 Class 6											
4.7 Totals											
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Class 1											
5.2 Class 2											
5.3 Class 3											
5.4 Class 4											
5.5 Class 5											
5.6 Class 6											
5.7 Totals											

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations											
Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Class 1											
6.2 Class 2											
6.3 Class 3											
6.4 Class 4											
6.5 Class 5											
6.6 Class 6											
6.7 Totals											
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Class 1											
7.2 Class 2											
7.3 Class 3											
7.4 Class 4											
7.5 Class 5											
7.6 Class 6											
7.7 Totals											
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Class 1											
8.2 Class 2											
8.3 Class 3											
8.4 Class 4											
8.5 Class 5											
8.6 Class 6											
8.7 Totals											
9. Parent, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Class 1											
9.2 Class 2											
9.3 Class 3											
9.4 Class 4											
9.5 Class 5											
9.6 Class 6											
9.7 Totals											

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE XANTUS Healthplan of Tennessee, Inc.

SCHEDULE D - PART 1A - SECTION 1 (continued)

Quality and Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Types of Issues and NAIC Designations

Quality Rating per the NAIC Designation	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed (a)
10. Total Bonds Current Year											
10.1 Class 1	62,608	300,000	2,300,000			2,662,608	100.0	XXX	XXX	2,662,608	
10.2 Class 2								XXX	XXX		
10.3 Class 3								XXX	XXX		
10.4 Class 4								XXX	XXX		
10.5 Class 5						(c)		XXX	XXX		
10.6 Class 6						(c)		XXX	XXX		
10.7 Totals	62,608	300,000	2,300,000			(b) 2,662,608	100.0	XXX	XXX	2,662,608	
10.8 Line 10.7 as a % of Col. 6	2.4	11.3	86.4			100.0	XXX	XXX	XXX	100.0	
11. Total Bonds Prior Year											
11.1 Class 1	2,100,000		200,000			XXX	XXX	2,300,000	100.0	2,300,000	
11.2 Class 2						XXX	XXX				
11.3 Class 3						XXX	XXX				
11.4 Class 4						XXX	XXX				
11.5 Class 5						XXX	XXX	(c)			
11.6 Class 6						XXX	XXX	(c)			
11.7 Totals	2,100,000		200,000			XXX	XXX	(b) 2,300,000	100.0	2,300,000	
11.8 Line 11.7 as a % of Col. 8	91.3		8.7			XXX	XXX	100.0	XXX	100.0	
12. Total Publicly Traded Bonds											
12.1 Class 1	62,608	300,000	2,300,000			2,662,608	100.0	2,300,000	100.0	2,662,608	XXX
12.2 Class 2											XXX
12.3 Class 3											XXX
12.4 Class 4											XXX
12.5 Class 5											XXX
12.6 Class 6											XXX
12.7 Totals	62,608	300,000	2,300,000			2,662,608	100.0	2,300,000	100.0	2,662,608	XXX
12.8 Line 12.7 as a % of Col. 6	2.4	11.3	86.4			100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	2.4	11.3	86.4			100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Class 1										XXX	
13.2 Class 2										XXX	
13.3 Class 3										XXX	
13.4 Class 4										XXX	
13.5 Class 5										XXX	
13.6 Class 6										XXX	
13.7 Totals										XXX	
13.8 Line 13.7 as a % of Col. 6							XXX	XXX	XXX	XXX	
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10							XXX	XXX	XXX	XXX	

(a) Includes \$ freely tradable under SEC Rule 144 or qualified for resale under SEC Rule 144A.
(b) Includes \$ current year, \$ prior year of bonds with Z designations and \$, current year, \$ prior year of bonds with Z* designations. The letter "Z" means the NAIC designation was not assigned by the Securities Valuation Office (SVO) at the date of the statement. "Z*" means the SVO could not evaluate the obligation because valuation procedures for the security class is under regulatory review.
(c) Includes \$ current year, \$ prior year of bonds with 5* designations and \$, current year, \$ prior year of bonds with 6* designations. "5*" means the NAIC designation was assigned by the SVO in reliance on the insurer's certification that the issuer is current in all principal and interest payments. "6*" means the NAIC designation was assigned by the SVO due to inadequate certification of principal and interest payments.

SCHEDULE D - PART 1A - SECTION 2

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
1. U.S. Governments, Schedules D & DA (Group 1)											
1.1 Issuer Obligations		300,000	2,300,000			2,600,000	97.6	2,300,000	100.0	2,600,000	
1.2 Single Class Mortgage-Backed/Asset-Backed Securities											
1.7 Totals		300,000	2,300,000			2,600,000	97.6	2,300,000	100.0	2,600,000	
2. All Other Governments, Schedules D & DA (Group 2)											
2.1 Issuer Obligations	62,608					62,608	2.4			62,608	
2.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
2.3 Defined											
2.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
2.5 Defined											
2.6 Other											
2.7 Totals	62,608					62,608	2.4			62,608	
3. States, Territories, and Possessions Guaranteed, Schedules D & DA (Group 3)											
3.1 Issuer Obligations											
3.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
3.3 Defined											
3.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
3.5 Defined											
3.6 Other											
3.7 Totals											
4. Political Subdivisions of States, Territories and Possessions, Guaranteed, Schedules D & DA (Group 4)											
4.1 Issuer Obligations											
4.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
4.3 Defined											
4.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
4.5 Defined											
4.6 Other											
4.7 Totals											
5. Special Revenue & Special Assessment Obligations etc., Non-Guaranteed, Schedules D & DA (Group 5)											
5.1 Issuer Obligations											
5.2 Single Class Mortgage-Backed/Asset-Backed Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
5.3 Defined											
5.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET- BACKED SECURITIES											
5.5 Defined											
5.6 Other											
5.7 Totals											

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total from Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
6. Public Utilities (Unaffiliated), Schedules D & DA (Group 6)											
6.1 Issuer Obligations											
6.2 Single Class Mortgage-Backed/Asset-Based Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
6.3 Defined											
6.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
6.5 Defined											
6.6 Other											
6.7 Totals											
7. Industrial & Miscellaneous (Unaffiliated), Schedules D & DA (Group 7)											
7.1 Issuer Obligations											
7.2 Single Class Mortgage-Backed/Asset-Based Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
7.3 Defined											
7.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
7.5 Defined											
7.6 Other											
7.7 Totals											
8. Credit Tenant Loans, Schedules D & DA (Group 8)											
8.1 Issuer Obligations											
8.7 Totals											
9. Parents, Subsidiaries and Affiliates, Schedules D & DA (Group 9)											
9.1 Issuer Obligations											
9.2 Single Class Mortgage-Backed/Asset-Based Securities											
MULTI-CLASS RESIDENTIAL MORTGAGE- BACKED SECURITIES											
9.3 Defined											
9.4 Other											
MULTI-CLASS COMMERCIAL MORTGAGE- BACKED/ASSET-BACKED SECURITIES											
9.5 Defined											
9.6 Other											
9.7 Totals											

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE XANTUS Healthplan of Tennessee, Inc.

SCHEDULE D - PART 1A - SECTION 2 (continued)

Maturity Distribution of All Bonds Owned December 31, at Book/Adjusted Carrying Values by Major Type and Subtype of Issues

Distribution by Type	1 1 Year or Less	2 Over 1 Year Through 5 Years	3 Over 5 Years Through 10 Years	4 Over 10 Years Through 20 Years	5 Over 20 Years	6 Total Current Year	7 Col. 6 as a % of Line 10.7	8 Total From Col. 6 Prior Year	9 % From Col. 7 Prior Year	10 Total Publicly Traded	11 Total Privately Placed
10. Total Bonds Current Year											
10.1 Issuer Obligations	62,608	300,000	2,300,000			2,662,608	100.0	XXX	XXX	2,662,608	
10.2 Single Class Mortgage-Backed/Asset-Backed Bonds								XXX	XXX		
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
10.3 Defined								XXX	XXX		
10.4 Other								XXX	XXX		
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
10.5 Defined								XXX	XXX		
10.6 Other								XXX	XXX		
10.7 Totals	62,608	300,000	2,300,000			2,662,608	100.0	XXX	XXX	2,662,608	
10.8 Line 10.7 as a % of Col. 6	2.4	11.3	86.4			100.0	XXX	XXX	XXX	100.0	
11. Total Bonds Prior Year											
11.1 Issuer Obligations	2,100,000		200,000			XXX	XXX	2,300,000	100.0	2,300,000	
11.2 Single Class Mortgage-Backed/Asset-Backed Bonds						XXX	XXX				
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
11.3 Defined						XXX	XXX				
11.4 Other						XXX	XXX				
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
11.5 Defined						XXX	XXX				
11.6 Other						XXX	XXX				
11.7 Totals	2,100,000		200,000			XXX	XXX	2,300,000	100.0	2,300,000	
11.8 Line 11.7 as a % of Col. 8	91.3		8.7			XXX	XXX	100.0	XXX	100.0	
12. Total Publicly Traded Bonds											
12.1 Issuer Obligations	62,608	300,000	2,300,000			2,662,608	100.0	2,300,000	100.0	2,662,608	XXX
12.2 Single Class Mortgage-Backed/Asset-Backed Bonds											XXX
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
12.3 Defined											XXX
12.4 Other											XXX
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
12.5 Defined											XXX
12.6 Other											XXX
12.7 Totals	62,608	300,000	2,300,000			2,662,608	100.0	2,300,000	100.0	2,662,608	XXX
12.8 Line 12.7 as a % of Col. 6	2.4	11.3	86.4			100.0	XXX	XXX	XXX	100.0	XXX
12.9 Line 12.7 as a % of Line 10.7, Col. 6, Section 10	2.4	11.3	86.4			100.0	XXX	XXX	XXX	100.0	XXX
13. Total Privately Placed Bonds											
13.1 Issuer Obligations										XXX	
13.2 Single Class Mortgage-Backed/Asset-Backed Bonds										XXX	
MULTI-CLASS RESIDENTIAL MORTGAGE-BACKED SECURITIES											
13.3 Defined										XXX	
13.4 Other										XXX	
MULTI-CLASS COMMERCIAL MORTGAGE-BACKED/ASSET-BACKED SECURITIES											
13.5 Defined										XXX	
13.6 Other										XXX	
13.7 Totals										XXX	
13.8 Line 13.7 as a % of Col. 6							XXX	XXX	XXX	XXX	
13.9 Line 13.7 as a % of Line 10.7, Col. 6, Section 10							XXX	XXX	XXX	XXX	

SCHEDULE DA - PART 2

Verification of SHORT-TERM INVESTMENTS Between Years					
	1	2	3	4	5
	Total	Bonds	Mortgage Loans	Other Short-term Investment Assets(a)	Investments in Parent, Subsidiaries and Affiliates
1. Book/adjusted carrying value, prior year	15,674,252			15,674,252	
2. Cost of short-term investments acquired					
3. Increase (decrease) by adjustment	(15,611,643)			(15,611,643)	
4. Increase (decrease) by foreign exchange adjustment					
5. Total profit (loss) on disposal of short-term investments					
6. Consideration received on disposal of short-term investments					
7. Book/adjusted carrying value, current year	62,608			62,608	
8. Total valuation allowance					
9. Subtotal (Lines 7 plus 8)	62,608			62,608	
10. Total nonadmitted amounts					
11. Statement value (Lines 9 minus 10)	62,608			62,608	
12. Income collected during year					
13. Income earned during year					

(a) Indicate the category of such assets, for example, joint ventures, transportation equipment:

Schedule DB - Part A - VBY
NONE

Schedule DB - Part B - VBY
NONE

Schedule DB - Part C - VBY
NONE

Schedule DB - Part D - VBY
NONE

Schedule DB - Part E - VBY
NONE

Schedule DB - Part F - Section 1
NONE

Schedule DB - Part F - Section 2
NONE

Schedule S - Part 1 - Section 2
NONE

Schedule S - Part 2
NONE

50

50

50

50

Schedule S - Part 4

NONE

Schedule S-Part 5
Five-Year Exhibit of Reinsurance Ceded Business
(000 Omitted)

	1 2002	2 2001	3 2000	4 1999	5 1998
A. OPERATIONS ITEMS					
1. Premiums.....					
2. Title XVIII-Medicare.....					
3. Title XIX-Medicaid.....	267	66			
4. Commissions and reinsurance expense allowance.....					
5. Total medical and hospital expenses.....					
B. BALANCE SHEET ITEMS					
6. Premiums receivable					
7. Claims payable.....					
8. Reinsurance recoverable on paid losses.....					
9. Experience rating refunds due or unpaid.....					
10. Commissions and reinsurance expense allowances unpaid.....					
11. Unauthorized reinsurance offset.....					
C. UNAUTHORIZED REINSURANCE (DEPOSITS BY AND FUNDS WITHHELD FROM)					
12. Funds deposited by and withheld from (F).....					
13. Letters of credit (L).....					
14. Trust agreements (T).....					
15. Other (O)					

SCHEDULE S-PART 6
Restatement of Balance Sheet to Identify Net Credit For Ceded Reinsurance

	1	2	3
	As Reported (net of ceded)	Restatement Adjustments	Restated (gross of ceded)
ASSETS (Page 2, Col. 3)			
1. Cash and invested assets (Line 9)	17,851,406		17,851,406
2. Amounts recoverable from reinsurers (Line 12)			
3. Accident and health premiums due and unpaid (Line 10).....			
4. Net credit for ceded reinsurance.....	XXX		
5. All other admitted assets (Balance).....	32,333,790		32,333,790
6. Total assets (Line 23)	50,185,196		50,185,196
LIABILITIES, CAPITAL AND SURPLUS (Page 3)			
7. Claims unpaid (Line 1).....	95,543,247		95,543,247
8. Accrued medical incentive pool and bonus payments (Line 2).....			
9. Premiums received in advance (Line 6).....			
10. Reinsurance in unauthorized companies (Line 14).....			
11. All other liabilities (Balance).....	32,144,705		32,144,705
12. Total liabilities (Line 18).....	127,687,952		127,687,952
13. Total capital and surplus (Line 26).....	(77,502,757)	XXX	(77,502,757)
14. Total liabilities, capital and surplus (Line 27)	50,185,196		50,185,196
NET CREDIT FOR CEDED REINSURANCE			
15. Claims unpaid.....			
16. Accrued medical incentive pool.....			
17. Premiums received in advance			
18. Reinsurance recoverable on paid losses			
19. Other ceded reinsurance recoverables			
20. Total ceded reinsurance recoverables			
21. Premiums receivable			
22. Unauthorized reinsurance			
23. Other ceded reinsurance payables/offsets			
24. Total ceded reinsurance payable/offsets			
25. Total net credit for ceded reinsurance			

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

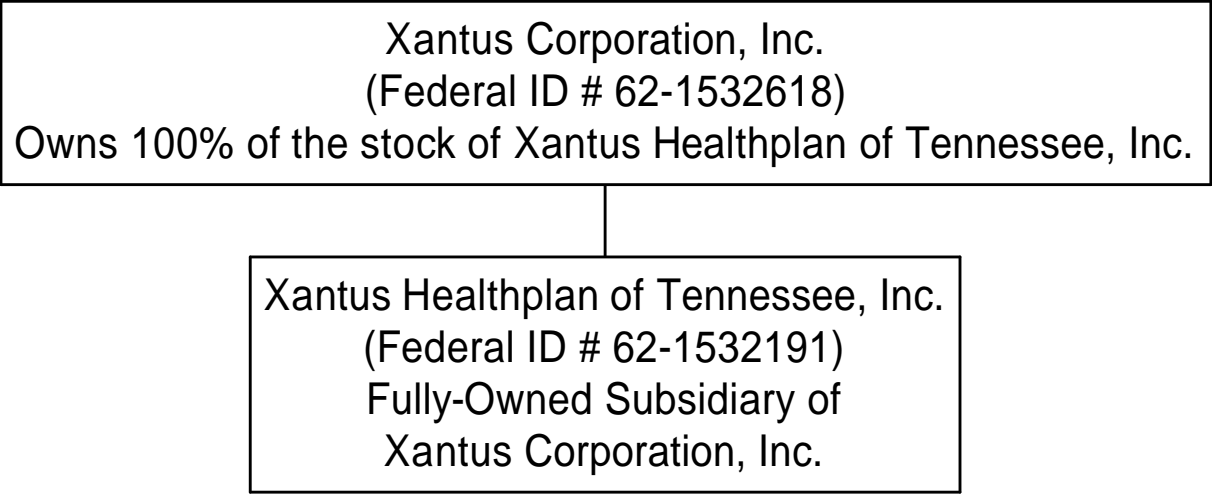
Allocated by States and Territories

	1	2	Direct Business Only			
			3	4	5	6
States, Etc.	Guaranty Fund (Yes or No)	Is Insurer Licensed? (Yes or No)	Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums
1. Alabama	AL					
2. Alaska	AK					
3. Arizona	AZ					
4. Arkansas	AR					
5. California	CA					
6. Colorado	CO					
7. Connecticut	CT					
8. Delaware	DE					
9. District of Columbia	DC					
10. Florida	FL					
11. Georgia	GA					
12. Hawaii	HI					
13. Idaho	ID					
14. Illinois	IL					
15. Indiana	IN					
16. Iowa	IA					
17. Kansas	KS					
18. Kentucky	KY					
19. Louisiana	LA					
20. Maine	ME					
21. Maryland	MD					
22. Massachusetts	MA					
23. Michigan	MI					
24. Minnesota	MN					
25. Mississippi	MS					
26. Missouri	MO					
27. Montana	MT					
28. Nebraska	NE					
29. Nevada	NV					
30. New Hampshire	NH					
31. New Jersey	NJ					
32. New Mexico	NM					
33. New York	NY					
34. North Carolina	NC					
35. North Dakota	ND					
36. Ohio	OH					
37. Oklahoma	OK					
38. Oregon	OR					
39. Pennsylvania	PA					
40. Rhode Island	RI					
41. South Carolina	SC					
42. South Dakota	SD					
43. Tennessee	TN	Yes			316,314,246	
44. Texas	TX					
45. Utah	UT					
46. Vermont	VT					
47. Virginia	VA					
48. Washington	WA					
49. West Virginia	WV					
50. Wisconsin	WI					
51. Wyoming	WY					
52. American Samoa	AS					
53. Guam	GU					
54. Puerto Rico	PR					
55. U.S. Virgin Islands	VI					
56. Canada	CN					
57. Aggregate other alien	XXX	XXX				
58. Total (Direct Business)	XXX	(a) 1			316,314,246	
DETAILS OF WRITE-INS						
5701.						
5702.						
5703.						
5798. Summary of remaining write-ins for Line 57 from overflow page						
5799. Totals (Lines 5701 thru 5703 plus 5798) (Line 57 above)						

Explanation of basis of allocation by states, premiums by state, etc.:
(a) Insert the number of yes responses except for Canada and Other Alien.

SCHEDULE Y - INFORMATION CONCERNING ACTIVITIES OF INSURER AND HMO MEMBERS OF A HOLDING COMPANY GROUP

PART 1 - ORGANIZATIONAL CHART



Note: On March 31, 1999 a consent order appointing the Insurance Commissioner as Receiver for purposes of Rehabilitation was entered against Xantus Healthplan of Tennessee, Inc.

Schedule Y - Part 2

NONE

SUPPLEMENTAL EXHIBITS AND SCHEDULES INTERROGATORIES

The following supplemental reports are required to be filed as part of your annual statement filing. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of **NO** to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not filed for whatever reason enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING

1.

Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?.....

Yes [☐] No [☒]
2.

Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?.....

Yes [☒] No [☐]
3.

Will an actuarial certification be filed by March 1?.....

Yes [☒] No [☐]
4.

Will the Risk-based Capital Report be filed with the NAIC by March 1?.....

Yes [☐] No [☒]
5.

Will the Risk-based Capital Report be filed with the state of domicile, if required by March 1?.....

Yes [☐] No [☒]
6.

Will the SVO Compliance Certification be filed by March 1?

Yes [☒] No [☐]

APRIL FILING

7.

Will Management's Discussion and Analysis be filed by April 1?.....

Yes [☒] No [☐]
8.

Will the Long-term Care Experience Reporting Forms be filed with the state of domicile by April 1?.....

Yes [☐] No [☒]
9.

Will the Investment Risks Interrogatories be filed by April 1?

Yes [☒] No [☐]

JUNE FILING

10.

Will an audited financial report be filed by June 1 with the state of domicile?

Yes [☒] No [☐]

EXPLANATIONS:

BAR CODE:

1.

95465200236058000
4.

954652002390000000
5.

954652002390000000
8.

95465200233058000

OVERFLOW PAGE FOR WRITE-INS

M002 Additional Aggregate Lines for Page 02 Line 22.

*ASSETS				
2204. Prepaid Service Contracts.....	12, 472	12, 472		
2205. Vendor Deposits.....	10, 885	10, 885		
2297. Summary of remaining write-ins for Line 22 from Page 2	23, 357	23, 357		

M003 Additional Aggregate Lines for Page 03 Line 17.

*LIAB				
1704. Payroll Other.....				8, 599
1705. Payroll 401k Payable.....				9, 279
1706. Payroll Insurance Payable.....	5, 429		5, 429	(2, 270)
1707. Salaries and Wages Payable.....	182, 332		182, 332	303, 152
1708. PTO Payable.....	232, 347		232, 347	
1797. Summary of remaining write-ins for Line 17 from Page 03	420, 108		420, 108	318, 761

M004 Additional Aggregate Lines for Page 04 Line 13.

*REVEX1				
1304. Durable Medical Equipment.....		5, 919, 139		4, 702, 879
1305. Lab.....		31, 263		24, 839
1306. Member Copays.....		(996, 614)		
1307. Claims Other.....		(166, 885)		
1308. COB and Subrogation.....		(6, 052, 341)		(2, 173, 331)
1397. Summary of remaining write-ins for Line 13 from Page 04		(1, 265, 439)		2, 554, 387

M005 Additional Aggregate Lines for Page 05 Line 45.

*REVEX2				
4504. Prior Period Adjustment - TennCare Pre-Petition Claims.....				(1, 093, 240)
4597. Summary of remaining write-ins for Line 45 from Page 05				(1, 093, 240)

M016 Additional Aggregate Lines for Page 16 Line 4.

*EXNONADMIT				
0404. Prepaid Operating Expense.....		2, 160		2, 160
0405. Vendor Deposits.....	10, 885	10, 000		(885)
0497. Summary of remaining write-ins for Line 4 from Page 16	10, 885	12, 160		1, 275

OVERFLOW PAGE FOR WRITE-INS

M007 Additional Aggregate Lines for Page 07 Line 12.
*ANAOPS

1204. Durable Medical Equipment.....	5,919,139								5,919,139				
1205. Lab.....	31,263								31,263				
1206. Member Copays.....	(996,614)								(996,614)				
1207. Claims Other.....	(166,885)	(2,464)							(169,621)				5,200
1208. COB and Subrogation.....	(6,052,341)								(6,052,341)				
1297. Summary of remaining write-ins for Line 12 from page 7	(1,265,439)	(2,464)							(1,268,175)				5,200

Schedule A - Part 1

NONE

Schedule A - Part 2

NONE

Schedule A - Part 3

NONE

Schedule B - Part 1

NONE

Schedule B - Part 2

NONE

Schedule BA - Part 1

NONE

Schedule BA - Part 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE XANTUS Healthplan of Tennessee, Inc.

SCHEDULE D - PART 1

Showing all Long-Term BONDS Owned December 31 of Current Year

[illegible]

E08

Schedule D - Part 2 - Section 1

NONE

Schedule D - Part 2 - Section 2

NONE

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE XANTUS Healthplan of Tennessee, Inc.

SCHEDULE D - PART 3

Showing All Long-Term Bonds and Stocks ACQUIRED During Current Year

[illegible]

7299999 Totals

2,400,000

XXX

E11

ANNUAL STATEMENT FOR THE YEAR 2002 OF THE XANTUS Healthplan of Tennessee, Inc.

SCHEDULE D - PART 4

Showing all Long-Term Bonds and Stocks SOLD, REDEEMED or Otherwise DISPOSED OF During Current Year

[illegible]

Schedule D - Part 5

NONE

Schedule D - Part 6 - Section 1

NONE

Schedule D - Part 6 - Section 2

NONE

E15

[illegible]

(a) Includes \$other than accrual of discount and amortization of premium.

Schedule DB - Part A - Section 1

NONE

Schedule DB - Part A - Section 2

NONE

Schedule DB - Part A - Section 3

NONE

Schedule DB - Part B - Section 1

NONE

Schedule DB - Part B - Section 2

NONE

Schedule DB - Part B - Section 3

NONE

Schedule DB - Part C - Section 1

NONE

Schedule DB - Part C - Section 2

NONE

Schedule DB - Part C - Section 3

NONE

Schedule DB - Part D - Section 1

NONE

Schedule DB - Part D - Section 2

NONE

Schedule DB - Part D - Section 3

NONE

Schedule DB - Part E - Section 1

NONE

SCHEDULE DM

For bonds and preferred stocks owned as of December 31, state the aggregate statement (admitted) value, the aggregate fair value, and the aggregate difference, if any, between them.

	1	2	3
	Statement (Admitted) Value	Fair Value (a)	Excess of Statement over Fair Value(-), or Fair Value over Statement (+)
1. Bonds	2, 662, 608	2, 662, 608	
2. Preferred Stocks			
3. Totals	2, 662, 608	2, 662, 608	

(a) Amortized or book values shall not be substituted for fair values. Describe the sources or methods utilized in determining the fair values.

Schedule E - Part 2

NONE

Illinois Only Ex of Enrollment and Util

NONE

Illinois Exhibit 8

NONE

Illinois Investment Supplement

NONE

SUPPLEMENTAL EXHIBIT FOR THE YEAR 2002 OF THE XANTUS Healthplan of Tennessee, Inc.

LONG-TERM CARE EXPERIENCE REPORTING FORM - A
NATIONWIDE EXPERIENCE
CLAIM EXPERIENCE BY CALENDAR DURATION

NAIC Group Code 1239

(TO BE FILED BY APRIL 1)

NAIC Company Code 95465

	1	2	3	4	5	6	7	8	9
Calendar Duration	Policy Form	First Year Issued	Earned Premiums by Duration	Incurred and Paid	Reserve for Incurred but Unpaid	Total Incurred Claims	Change in Policy (Active Life) Reserves Over the Experience Period	Anticipated Calendar Duration Loss Percentage	Number of Insured Lives
0									
1	XXX	XXX							
2	XXX	XXX							
3	XXX	XXX							
4	XXX	XXX							
5-9	XXX	XXX							
10+	XXX	XXX							
Total Calendar Year								XXX	

Policy Form - Calendar Year (a) Actual Loss Percentage (Col. 6/Col. 3) ; (b) Anticipated Loss Percentage (see Instruction Form A Item 9) (c) Actual to Anticipated Loss Percentage (a/b)

	1	2	3	4	5	6	7	8	9
0									
1	XXX	XXX							
2	XXX	XXX							
3	XXX	XXX							
4	XXX	XXX							
5-9	XXX	XXX							
10+	XXX	XXX							
Total Calendar Year								XXX	

Policy Form - Calendar Year (a) Actual Loss Percentage (Col. 6/Col. 3) ; (b) Anticipated Loss Percentage (see Instruction Form A Item 9) (c) Actual to Anticipated Loss Percentage (a/b)

	1	2	3	4	5	6	7	8	9
0									
1	XXX	XXX							
2	XXX	XXX							
3	XXX	XXX							
4	XXX	XXX							
5-9	XXX	XXX							
10+	XXX	XXX							
Total Calendar Year								XXX	

Policy Form - Calendar Year (a) Actual Loss Percentage (Col. 6/Col. 3) ; (b) Anticipated Loss Percentage (see Instruction Form A Item 9) (c) Actual to Anticipated Loss Percentage (a/b)

	3	4	5	6	7	8	9
1. Individual					XXX	XXX	XXX
2. Group direct response					XXX	XXX	XXX
3. Other group					XXX	XXX	XXX
4. Total (sum Lines 1 to 3)					XXX	XXX	XXX

SUPPLEMENTAL EXHIBIT FOR THE YEAR 2002 OF THE XANTUS Healthplan of Tennessee, Inc.

LONG-TERM CARE EXPERIENCE REPORTING FORM - B
NATIONWIDE EXPERIENCE
CUMULATIVE CLAIM EXPERIENCE
(TO BE FILED BY APRIL 1)

NAIC Group Code 1239								NAIC Company Code 95465
Calendar Duration	1 Policy Form	2 First Year Issued	3 Actual Earned Premiums	4 Actual Incurred Claims	5 Anticipated Earned Premium	6 Anticipated Incurred Claim	7 Policy Reserves	8 Number of Insured Lives
0			NONE					
1	XXX	XXX						
2	XXX	XXX						
3	XXX	XXX						
4	XXX	XXX						
5-9	XXX	XXX						
10+	XXX	XXX						
Cumulative Total					XXX	XXX	XXX	XXX

Policy Form - Cumulative (a) Actual Loss Percentage (Col. 4/Col. 3) ; (b) Anticipated Loss Percentage (see Instruction Form B Items 9 and 10) (c) Actual to Anticipated Loss Percentage (a/b)

	1	2	3	4	5	6	7	8
0								
1	XXX	XXX						
2	XXX	XXX						
3	XXX	XXX						
4	XXX	XXX						
5-9	XXX	XXX						
10+	XXX	XXX						
Cumulative Total					XXX	XXX	XXX	XXX

Policy Form - Cumulative (a) Actual Loss Percentage (Col. 4/Col. 3) ; (b) Anticipated Loss Percentage (see Instruction Form B Items 9 and 10) (c) Actual to Anticipated Loss Percentage (a/b)

	1	2	3	4	5	6	7	8
0								
1	XXX	XXX						
2	XXX	XXX						
3	XXX	XXX						
4	XXX	XXX						
5-9	XXX	XXX						
10+	XXX	XXX						
Cumulative Total					XXX	XXX	XXX	XXX

Policy Form - Cumulative (a) Actual Loss Percentage (Col. 4/Col. 3) ; (b) Anticipated Loss Percentage (see Instruction Form B Items 9 and 10) (c) Actual to Anticipated Loss Percentage (a/b)

	3	4	5	6	7	8
1. Individual	NONE		XXX	XXX	XXX	XXX
2. Group direct response			XXX	XXX	XXX	XXX
3. Other group			XXX	XXX	XXX	XXX
4. Total (sum Lines 1 to 3)			XXX	XXX	XXX	XXX
5. Actual total reported experience through statement year			XXX	XXX	XXX	XXX
6. Actual total reported experience through prior year			XXX	XXX	XXX	XXX
7. Calendar year reported experience (Lines 5 minus 6)			XXX	XXX	XXX	XXX

Note: a. Was experience prior to 1991 used in preparing this form? Yes [] No []
b. If yes, indicate the calendar years that were included:

SUPPLEMENTAL EXHIBIT FOR THE YEAR 2002 OF THE XANTUS Healthplan of Tennessee, Inc.

LONG-TERM CARE EXPERIENCE REPORTING FORM - C
EXPERIENCE IN THE STATE OF
CUMULATIVE CLAIM EXPERIENCE
(TO BE FILED BY APRIL 1)

NAIC Group Code 1239								NAIC Company Code 95465
Calendar Duration	1 Policy Form	2 First Year Issued	3 Actual Earned Premiums	4 Actual Incurred Claims	5 Anticipated Earned Premium	6 Anticipated Incurred Claim	7 Policy Reserves	8 Number of Insured Lives
0			NONE					
1	XXX	XXX						
2	XXX	XXX						
3	XXX	XXX						
4	XXX	XXX						
5-9	XXX	XXX						
10+	XXX	XXX						
Cumulative Total					XXX	XXX	XXX	XXX

Policy Form - Cumulative (a) Actual Loss Percentage (Col. 4/Col. 3); (b) Anticipated Loss Percentage (see Instruction Form C Items 9 and 10)(c) Actual to Anticipated Loss Percentage (a/b)

	1	2	3	4	5	6	7	8
0								
1	XXX	XXX						
2	XXX	XXX						
3	XXX	XXX						
4	XXX	XXX						
5-9	XXX	XXX						
10+	XXX	XXX						
Cumulative Total					XXX	XXX	XXX	XXX

Policy Form - Cumulative (a) Actual Loss Percentage (Col. 4/Col. 3); (b) Anticipated Loss Percentage (see Instruction Form C Items 9 and 10)(c) Actual to Anticipated Loss Percentage (a/b)

	1	2	3	4	5	6	7	8
0								
1	XXX	XXX						
2	XXX	XXX						
3	XXX	XXX						
4	XXX	XXX						
5-9	XXX	XXX						
10+	XXX	XXX						
Cumulative Total					XXX	XXX	XXX	XXX

Policy Form - Cumulative (a) Actual Loss Percentage (Col. 4/Col. 3); (b) Anticipated Loss Percentage (see Instruction Form C Items 9 and 10)(c) Actual to Anticipated Loss Percentage (a/b)

	3	4	5	6	7	8
1. Individual			XXX	XXX	XXX	XXX
2. Group direct response			XXX	XXX	XXX	XXX
3. Other group			XXX	XXX	XXX	XXX
4. Total (sum Lines 1 to 3)			XXX	XXX	XXX	XXX
5. Actual total reported experience through statement year			XXX	XXX	XXX	XXX
6. Actual total reported experience through prior year			XXX	XXX	XXX	XXX
7. Calendar year reported experience (Lines 5 minus 6)			XXX	XXX	XXX	XXX

Note: a. Was experience prior to 1991 used in preparing this form? Yes [] No []
b. If yes, indicate the calendar years that were included:

MEDICARE SUPPLEMENT INSURANCE EXPERIENCE EXHIBIT

FOR THE STATE OF

NAIC Group Code _____ NAIC Company Code _____
 Address (City, State and Zip Code) _____
 Person Completing This Exhibit _____
 Title _____ Telephone Number _____

[illegible]

GENERAL INTERROGATORIES

1. If response in Column 1 is no, give complete and full details:
 2. Claims address and contact person provided to the Secretary of Health and Human Services as required by 42 U.S.C. 1395ss(c)(3)(E) for this state.
 - 2.1 Address: _____
 - 2.2 Contact Person and Phone Number: _____
 3. Billing address and contact person for user fees established under 41 U.S.C. 1395u(h)(3)(B).
 - 3.1 Address: _____
 - 3.2 Contact Person and Phone Number: _____
 4. Explain any policies identified above as policy type "O".

Company: XANTUS Healthplan of Tennessee, Inc.

SVO Compliance Certification

The undersigned is an officer of the insurer responsible for reporting investments to the SVO and/or with performing all filings with appropriate state regulatory officials and the NAIC and is, therefore, required to be familiar with the requirements of such filings. The undersigned officer certifies that to the best of my knowledge, information, and belief, all prices or NAIC Designations for the securities reported in this statement have been obtained directly from the SVO except as specifically identified below. The officer further certifies that to the best of my knowledge, information, and belief, since the last filing of a quarterly or annual statement:

1. All securities previously valued by the insurer and identified by a Z suffix have now been submitted to the SVO for a valuation or disposed of by sale or otherwise with the result that all prices and NAIC Designations reported in this statement have been provided by the SVO, except for new purchases identified in Schedule D and DA with a Z suffix or items submitted but not yet processed by the SVO.
2. Any newly purchased securities now identified with a Z suffix shall be submitted to the SVO within 120 days of purchase.
3. All necessary information on securities which have been previously designated NR (not rated due to lack of current information) by the SVO have either been submitted to the SVO by the insurer for a valuation or disposed of by the insurer.
4. All material issuer events (as defined below) have been reported to the SVO.

A material issuer event is a generic or transaction specific credit event of which the insurer is currently aware, which by its nature would signify to a reasonably prudent insurer that a material change in the credit quality or price of the investment or security has occurred.

As an illustration, and not by way of limitation, the following shall be deemed to constitute material issuer events:

- a. Recapitalizations or capital restructuring whether within or without Chapter 11 of the US Bankruptcy Code.
- b. Nonpayment, deferral, or payment in kind through waiver of any principal or contractual interest payment.
- c. Any change in the maturity of a security.
- d. Changes in the lender's collateral position, including releases of collateral, or the taking of a collateral position whether by operation of negative pledge covenant or otherwise.
- e. Events of a like character or of a like effect, which would be considered material to an investment professional.
- f. Exceptions

Signature of Investment Officer

Christopher E. Burton

Special Deputy Receiver

Name of Investment Officer

Title of Signatory

Date

Attach certificate to each annual statement.

XANTUS Healthplan of Tennessee, Inc.

Monthly Medical Loss Ratio (MMLR)

JUNE 2002 (3rd Amendment)

CLAIMS RUNOUT THROUGH 12/31/02
FILED WITH TENNCARE AND TDCI ON FEBRUARY 11, 2003

FINAL CERTIFIED	MEDICAL LOSS RATIO REPORT ALL REGIONS										FINAL CERTIFIED																			
XANTUS Healthplan of Tennessee, Inc.																														
JUNE 2002 (3rd Amendment)			2000						2001					For the Period			2001									2002				For the Period
			Incurred Month						Incurred Month					07/01/2000-			Incurred Month								Incurred Month				07/01/2001-	
	July	August	September	October	November	December	January	February	March	April	May	June	06/30/2001	July	August	September	October	November	December	January	February	March	April	May	June	06/30/2002				
Enrollment: Medicaid	46,277	45,831	45,152	44,586	44,148	43,530	43,191	43,377	46,152	48,024	50,173	52,005	552,448	63,625	64,131	64,257	65,509	64,771	64,024	58,526	57,391	56,475	55,522	54,506	53,133	721,871				
Enrollment: Uninsured	44,807	44,948	45,247	45,423	45,573	45,657	46,156	45,935	47,472	47,951	50,182	51,526	560,878	60,855	60,328	59,978	60,212	59,900	59,770	56,665	56,544	56,635	55,727	53,040	52,595	692,248				
Enrollment: Uninsurable	11,480	11,396	11,283	11,170	11,067	10,961	10,985	11,075	11,746	12,532	13,772	14,594	142,061	19,070	19,022	19,006	19,263	18,883	18,640	17,752	17,404	17,282	16,969	16,588	16,408	216,287				
Enrollment: Blind and Disabled	15,197	15,073	15,017	15,011	14,913	14,864	14,950	15,010	15,199	15,363	15,465	15,559	181,620	13,623	13,257	13,179	13,154	13,249	13,237	13,065	12,846	12,740	12,701	12,618	12,461	156,129				
Enrollment: Dual Eligible	20,474	20,556	20,563	20,589	20,610	20,490	20,458	20,355	20,582	20,832	21,220	21,619	248,348	25,669	25,481	25,547	25,677	25,483	25,540	26,166	26,205	26,046	25,886	25,846	26,872	310,417				
Enrollment (including retroactivity)	138,235	137,805	137,262	136,779	136,310	135,502	135,740	135,752	141,152	144,703	150,812	155,303	1,685,355	182,842	182,219	181,968	183,815	182,285	181,211	172,173	170,390	169,179	166,804	162,599	161,469	2,096,953				
TennCare Capitation Payment	19,885,162	19,766,951	19,666,717	19,562,308	19,474,391	19,384,518	19,351,579	19,422,645	19,909,141	20,607,360	21,323,486	22,213,957	240,568,215	26,941,341	26,887,202	27,035,450	27,258,948	27,364,568	27,145,743	25,936,283	25,486,032	25,223,124	24,887,182	24,351,694	23,990,113	312,507,680				
Payments for Medical Services																														
UB 92	5,945,890	6,528,828	6,123,358	7,012,560	6,221,356	5,749,219	6,872,245	6,675,246	7,659,046	7,017,768	8,560,628	8,835,843	83,201,986	11,660,870	13,614,631	12,360,310	14,618,880	13,129,576	11,562,318	13,696,471	12,233,471	12,965,703	13,263,157	12,504,036	11,408,982	153,018,405				
HCFA1500	4,256,647	4,820,180	4,298,846	4,626,142	4,578,516	3,958,422	4,867,903	4,466,004	4,986,045	4,993,320	5,601,325	5,232,084	56,685,435	7,506,537	9,009,168	7,928,383	9,376,248	8,474,599	7,805,248	9,413,565	8,277,698	8,572,339	9,014,898	8,659,778	7,467,098	101,505,559				
Dental	328,338	415,175	360,418	403,859	399,351	293,490	373,782	314,534	374,892	388,857	368,418	316,813	4,337,927	443,663	607,104	538,456	643,142	594,424	534,385	674,699	577,467	692,061	723,540	637,762	591,214	7,257,919				
Capitation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Pharmacy	2,977,683	2,639,373	2,682,127	2,594,509	2,221,219	2,706,171	2,537,748	2,440,397	3,038,401	3,005,601	3,161,392	3,190,017	33,194,638	4,286,889	4,699,687	4,868,958	5,473,049	5,428,055	5,689,593	6,005,246	5,638,714	6,161,053	5,858,846	5,304,670	5,452,613	64,867,372				
Subcontractor	359,970	361,285	357,369	350,936	349,819	346,438	351,450	311,727	306,585	312,234	328,187	336,532	4,072,532	277,343	275,043	274,890	280,622	285,301	278,753	265,468	265,694	264,452	260,570	254,970	247,907	3,231,013				
Reinsurance	20,696	20,604	20,605	20,581	20,430	20,370	20,280	20,096	20,052	21,178	22,189	22,785	249,866	33,873	32,982	33,233	32,799	33,774	33,019	30,893	30,893	31,681	30,333	29,295	28,827	381,602				
Other Payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Less:													0													0				
BHO Capitation Revenue	68,975	68,688	68,683	68,600	68,100	67,899	67,601	66,986	66,841	70,595	73,963	75,951	832,879	85,409	84,829	84,829	87,227	91,198	90,737	86,601	70,875	70,875	85,787	85,787	85,000	1,009,152				
Pharmacy Rebates	133,333	133,333	133,334	133,333	133,333	133,334	125,000	125,000	125,000	125,000	125,000	125,000	1,550,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	125,000	1,194,213	218,124	218,124	2,755,461				
Other Recoveries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
Total Payments	13,686,916	14,583,424	13,640,706	14,806,653	13,589,259	12,872,877	14,830,807	14,036,018	16,193,181	15,543,363	17,843,177	17,733,123	179,359,504	23,998,766	28,028,786	25,794,401	30,212,513	27,729,531	25,687,580	29,874,741	26,828,061	28,491,415	27,871,344	27,086,601	24,893,517	326,497,256				
Remaining IBNR (includes 10% margin)	136	696	863	1,048	1,120	1,115	12,010	14,133	19,084	(5,538)	29,055	37,929	111,651	59,215	128,000	92,467	110,037	119,973	112,137	152,054	155,452	221,952	288,697	349,853	479,988	2,269,825				
Payments and Remaining IBNR	13,687,053	14,584,119	13,641,569	14,807,701	13,590,379	12,873,992	14,842,817	14,050,151	16,212,265	15,537,825	17,872,231	17,771,052	179,471,155	24,057,981	28,156,786	25,886,868	30,322,550	27,849,504	25,799,717	30,026,795	26,983,513	28,713,367	28,160,041	27,436,455	25,373,505	328,767,081				
	68.8%	73.8%	69.4%	75.7%	69.8%	66.4%	76.7%	72.3%	81.4%	75.4%	83.8%	80.0%	74.6%	89.3%	104.7%	95.8%	111.2%	101.8%	95.0%	115.8%	105.9%	113.8%	113.2%	112.7%	105.8%	105.2%				
	71.6%								80.2%				99.9%																	
													105.2%																	
	78.4%																													
Medicaid	117.48	117.25	117.44	117.63	117.41	117.75	117.24	116.88	115.12	116.92	117.37	118.98	117.31	117.40	117.67	119.16	118.87	120.70	120.94	120.19	119.05	118.32	117.98	117.63	118.74	118.89				
Uninsured	111.90	111.75	111.46	111.34	111.45	111.53	111.00	111.70	110.14	110.81	108.27	109.94	110.90	120.27	120.61	121.62	121.54	122.17	121.26	124.25	123.73	123.27	123.42	124.63	124.42	122.60				
Uninsurable	308.99	308.55	308.52	308.60	308.42	308.89	307.70	306.68	297.75	299.00	291.54	296.10	303.73	302.23	302.83	305.06	305.41	309.87	309.68	311.85	312.01	311.12	312.01	313.41	314.28	309.15				
Blind and Disabled	367.97	368.74	369.12	367.46	368.87	369.04	367.18	368.50	366.77	366.67	367.42	368.33	368.00	436.35	441.84	442.89	442.36	447.36	448.08	448.79	448.75	449.11	449.30	449.67	442.42	445.58				
Dual Eligible	14.44	14.39	14.42	14.44	14.44	14.45	14.41	14.44	14.36	14.34	14.32	14.33	14.40	17.34	17.53	17.57	17.60	17.68	17.65	17.66	17.67	17.70	17.70	17.68	17.40	17.60				
TennCare Capitation Payment	143.85	143.44	143.28	143.02	142.87	143.06	142.56	143.07	141.05	142.41	141.39	143.04	142.74	147.35	147.55	148.57	148.30	150.12	149.80	150.64	149.57	149.09	149.20	149.77	148.57	149.04				
UB 92	43.01	47.38	44.61	51.27	45.64	42.43	50.63	49.17	54.26	48.50	56.76	56.89	49.37	63.78	74.72	67.93	79.53	72.03	63.81	79.55										

FINAL CERTIFIED	MEDICAL LOSS RATIO REPORT MIDDLE TN GRAND REGION																									FINAL CERTIFIED
XANTUS Healthplan of Tennessee, Inc.																										
JUNE 2002 (3rd Amendment)			2000						2001				For the Period			2001							2002			For the Period
			Incurred Month						Incurred Month				07/01/2000-			Incurred Month						Incurred Month			07/01/2001-	
	July	August	September	October	November	December	January	February	March	April	May	June	06/30/2001	July	August	September	October	November	December	January	February	March	April	May	June	06/30/2002
Enrollment: Medicaid	31,587	31,351	30,870	30,530	30,287	29,908	29,812	30,241	33,035	35,035	37,191	39,054	388,902	62,915	63,444	63,704	65,045	64,219	63,493	58,058	56,954	56,079	55,196	54,218	52,855	716,179
Enrollment: Uninsured	31,956	32,112	32,311	32,394	32,491	32,533	32,887	32,691	34,006	34,561	36,736	37,909	402,587	60,143	59,694	59,477	59,844	59,278	59,174	56,131	56,006	56,134	55,264	52,612	52,219	685,978
Enrollment: Uninsurable	8,089	8,042	7,966	7,888	7,813	7,722	7,757	7,879	8,603	9,422	10,664	11,444	103,287	18,854	18,831	18,843	19,119	18,639	18,418	17,552	17,216	17,117	16,818	16,446	16,281	214,134
Enrollment: Blind and Disabled	9,601	9,555	9,529	9,516	9,467	9,441	9,522	9,601	9,760	9,931	10,041	10,139	116,101	13,306	12,984	12,953	12,962	13,003	13,002	12,855	12,645	12,571	12,549	12,473	12,327	153,630
Enrollment: Dual Eligible	14,224	14,253	14,267	14,283	14,287	14,202	14,201	14,132	14,354	14,630	15,021	15,383	173,237	25,446	25,274	25,389	25,549	25,296	25,357	26,005	26,041	25,898	25,755	25,730	26,756	308,496
Enrollment (including retroactivity)	95,457	95,313	94,943	94,611	94,345	93,806	94,178	94,544	99,759	103,578	109,653	113,928	1,184,114	180,665	180,226	180,366	182,519	180,435	179,446	170,601	168,863	167,798	165,582	161,478	160,438	2,078,416
TennCare Capitation Payment	13,681,448	13,624,212	13,545,626	13,470,954	13,417,871	13,361,586	13,357,347	13,450,551	13,952,316	14,666,743	15,398,045	16,283,014	168,209,713	26,589,506	26,601,404	26,792,888	27,067,183	27,061,055	26,852,321	25,664,372	25,229,733	25,000,997	24,686,569	24,167,066	23,822,747	309,535,841
Payments for Medical Services																										
UB 92	4,310,212	4,846,888	4,578,704	5,235,629	4,634,050	4,117,670	5,148,306	5,122,919	5,928,389	5,435,172	6,956,219	7,443,123	63,757,282	11,585,232	13,563,616	12,325,551	14,570,219	13,092,857	11,536,272	13,674,760	12,149,705	12,917,272	13,231,332	12,483,669	11,397,983	152,528,466
HCFA1500	3,193,367	3,582,970	3,209,525	3,410,343	3,454,950	2,910,695	3,630,734	3,405,586	3,773,380	3,842,910	4,391,783	4,286,218	43,092,462	7,477,812	8,990,426	7,917,738	9,360,001	8,462,944	7,791,322	9,400,052	8,259,525	8,562,675	8,998,331	8,649,215	7,458,756	101,328,797
Dental	247,412	305,217	273,261	295,861	294,135	213,777	272,323	238,998	293,718	302,847	289,157	252,189	3,278,894	443,458	607,046	538,397	642,073	593,924	534,049	662,249	576,861	687,814	723,345	637,552	590,765	7,237,535
Capitation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Pharmacy	2,046,985	1,820,401	1,862,722	1,822,035	1,589,965	1,936,873	1,797,860	1,718,920	2,192,678	2,119,406	2,210,207	2,340,158	23,458,210	4,235,840	4,648,293	4,826,086	5,434,458	5,372,970	5,634,162	5,950,429	5,588,158	6,110,757	5,815,917	5,268,122	5,417,809	64,303,003
Subcontractor	189,802	194,509	192,065	187,365	188,136	186,312	197,414	173,609	161,429	167,644	181,309	190,764	2,210,358	277,343	275,043	274,890	280,622	285,301	278,753	265,468	265,694	264,452	260,570	254,970	247,907	3,231,013
Reinsurance	14,291	14,251	14,252	14,236	14,140	14,102	14,071	13,996	14,172	15,159	16,133	16,715	175,518	33,470	32,621	32,940	32,568	33,431	32,697	30,611	30,616	31,422	30,111	29,093	28,643	378,224
Other Payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Less:													0													0
BHO Capitation Revenue	47,630	47,508	47,507	47,451	47,134	47,006	46,902	46,652	47,239	50,532	53,777	55,717	585,054	84,392	83,901	84,082	86,612	90,272	89,853	85,810	70,240	70,296	85,158	85,195	84,457	1,000,269
Pharmacy Rebates	92,072	92,220	92,226	92,227	92,284	92,306	86,727	87,055	88,343	89,475	90,885	91,698	1,087,519	123,511	123,633	123,899	124,119	123,731	123,782	123,859	123,879	123,980	1,185,463	216,621	216,732	2,733,210
Other Recoveries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total Payments	9,862,368	10,624,508	9,990,797	10,825,791	10,035,957	9,240,118	10,927,080	10,540,320	12,228,183	11,743,131	13,900,146	14,381,751	134,300,151	23,845,252	27,909,510	25,707,621	30,109,210	27,627,424	25,593,621	29,773,900	26,676,441	28,380,118	27,788,985	27,020,805	24,840,673	325,273,560
Remaining IBNR (includes 10% margin)	100	517	645	778	839	808	8,973	10,817	14,651	(4,279)	23,269	31,592	88,710	58,899	127,615	92,266	109,742	119,709	111,909	151,750	154,696	221,330	288,087	349,354	479,500	2,264,856
Payments and Remaining IBNR	9,862,469	10,625,024	9,991,442	10,826,569	10,036,796	9,240,925	10,936,053	10,551,137	12,242,834	11,738,852	13,923,415	14,413,344	134,388,861	23,904,151	28,037,125	25,799,886	30,218,952	27,747,132	25,705,530	29,925,650	26,831,137	28,601,447	28,077,072	27,370,159	25,320,174	327,538,415
	72.1%	78.0%	73.8%	80.4%	74.8%	69.2%	81.9%	78.4%	87.7%	80.0%	90.4%	88.5%	79.9%	89.9%	105.4%	96.3%	111.6%	102.5%	95.7%	116.6%	106.3%	114.4%	113.7%	113.3%	106.3%	105.8%
	76.1%								86.8%				102.7%						105.8%							
									84.7%																	
Medicaid	119.27	118.86	119.00	119.16	118.89	119.30	118.70	117.95	115.77	117.99	118.73	120.74	117.44	117.44	117.91	119.31	119.03	120.76	121.02	120.23	119.08	118.38	118.04	117.65	118.79	118.97
Uninsured	110.62	110.37	109.95	110.90	110.03	110.17	109.59	110.37	108.55	109.30	106.09	108.65	120.43	120.43	120.92	121.82	121.67	122.34	121.39	124.34	123.84	123.40	123.54	124.77	124.51	122.75
Uninsurable	312.79	312.50	312.39	312.26	311.93	312.78	311.11	308.87	296.54	298.23	289.24	295.97	302.49	302.49	303.21	305.37	305.74	310.18	309.83	311.97	312.12	311.27	312.10	313.62	314.44	309.36
Blind and Disabled	379.29	380.31	380.26	378.49	379.93	379.92	377.56	378.73	376.82	376.05	376.93	378.77	436.90	436.90	442.77	443.64	443.48	447.95	448.46	448.79	449.06	449.41	449.37	449.87	442.72	446.04
Dual Eligible	14.57	14.53	14.54	14.57	14.57	14.58	14.54	14.57	14.46	14.42	14.37	14.40	17.35	17.35	17.56	17.59	17.61	17.69	17.67	17.67	17.67	17.70	17.71	17.69	17.41	17.61
TennCare Capitation Payment	143.33	14																								

FINAL CERTIFIED	MEDICAL LOSS RATIO REPORT OUT OF STATE REGION																									FINAL CERTIFIED	
XANTUS Healthplan of Tennessee, Inc.																											
JUNE 2002 (3rd Amendment)			2000						2001					For the Period			2001							2002			For the Period
			Incurred Month						Incurred Month					07/01/2000-			Incurred Month							Incurred Month			07/01/2001-
	July	August	September	October	November	December	January	February	March	April	May	June	06/30/2001	July	August	September	October	November	December	January	February	March	April	May	June	06/30/2002	
Enrollment: Medicaid	217	225	251	254	262	262	247	256	303	318	333	318	3,245	288	244	205	154	190	169	141	125	114	89	74	69	1,861	
Enrollment: Uninsured	500	513	541	539	544	548	542	541	639	670	677	681	6,935	237	210	172	98	273	275	251	266	255	253	242	216	2,747	
Enrollment: Uninsurable	93	87	84	81	80	82	82	81	111	118	123	125	1,145	95	87	72	49	121	117	103	100	92	85	81	70	1,072	
Enrollment: Blind and Disabled	497	468	461	474	471	479	480	493	514	524	540	532	5,933	189	162	129	93	146	144	121	115	107	101	99	95	1,500	
Enrollment: Dual Eligible	231	233	234	233	233	231	227	232	233	229	234	228	2,774	106	100	80	64	98	92	80	80	74	68	60	61	962	
Enrollment (including retroactivity)	1,537	1,526	1,571	1,581	1,590	1,601	1,578	1,602	1,799	1,858	1,907	1,884	20,033	915	802	657	457	828	796	697	685	642	596	556	512	8,142	
TennCare Capitation Payment	287,137	273,949	281,730	284,539	288,197	290,588	287,002	294,193	323,237	335,091	342,758	333,635	3,622,057	165,884	137,037	110,592	76,118	151,558	146,300	134,173	127,988	116,838	110,862	103,548	93,126	1,474,021	
Payments for Medical Services																											
UB 92	2,631	6,227	4,161	4,521	22,806	6,230	15,228	4,400	24,226	11,222	18,186	17,072	136,911	10,775	38,371	5,431	4,886	3,982	11,131	3,434	11,144	10	1,543	1,493	2,687	94,887	
HCFA1500	4,050	1,998	2,463	5,048	4,676	5,303	7,163	6,516	10,210	7,975	7,844	5,998	69,245	10,032	3,687	3,774	4,019	2,451	8,157	1,946	1,219	2,899	2,289	2,740	3,230	46,444	
Dental	1	1,356	61	314	1	82	7	13	55	240	345	187	2,662	0	0	0	0	52	0	2,800	240	0	0	0	80	3,172	
Capitation	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Pharmacy	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Subcontractor	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Reinsurance	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Payments	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Less:													0													0	
BHO Capitation Revenue	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Pharmacy Rebates	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Other Recoveries	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
Total Payments	6,681	9,582	6,685	9,883	27,484	11,615	22,398	10,929	34,491	19,438	26,375	23,257	208,818	20,807	42,059	9,205	8,905	6,485	19,289	8,180	12,603	2,908	3,833	4,233	5,997	144,503	
Remaining IBNR (includes 10% margin)	0	1	1	1	3	1	22	13	51	(9)	53	61	198	63	232	41	40	35	109	52	93	29	48	68	148	957	
Payments and Remaining IBNR	6,681	9,582	6,685	9,883	27,487	11,616	22,420	10,943	34,542	19,429	26,428	23,318	209,015	20,870	42,290	9,246	8,945	6,520	19,397	8,232	12,695	2,937	3,881	4,301	6,145	145,460	
	2.3%	3.5%	2.4%	3.5%	9.5%	4.0%	7.8%	3.7%	10.7%	5.8%	7.7%	7.0%	5.8%	12.6%	30.9%	8.4%	11.8%	4.3%	13.3%	6.1%	9.9%	2.5%	3.5%	4.2%	6.6%	9.9%	
	4.6%								7.8%				8.9%														
									7.2%					9.9%													
Medicaid	130.34	130.37	122.54	129.89	127.60	124.53	128.38	126.06	120.66	122.02	122.14	121.78	118.05	118.05	111.83	108.83	106.93	123.72	121.51	129.20	131.88	123.61	118.12	129.78	120.85	120.36	
Uninsured	95.98	94.97	95.42	96.73	95.77	95.13	95.72	94.73	95.52	95.29	94.54	94.19	103.01	103.01	86.74	90.93	103.11	103.76	105.27	110.94	106.13	104.32	104.54	104.29	108.91	102.66	
Uninsurable	292.02	291.49	297.80	284.40	302.39	304.67	295.90	316.50	297.53	304.54	300.69	309.08	295.45	295.45	278.74	287.78	299.95	307.57	307.52	315.09	317.89	308.04	320.09	297.22	301.11	303.04	
Blind and Disabled	363.42	357.18	370.64	365.02	371.49	370.77	366.79	369.09	368.71	368.89	366.29	355.17	411.88	411.88	406.80	394.18	365.01	418.04	414.44	446.10	436.77	435.38	451.55	440.99	410.39	419.29	
Dual Eligible	14.49	14.09	14.22	14.15	14.39	14.45	14.39	14.24	14.21	14.57	14.28	14.11	16.71	16.71	15.42	15.77	15.81	15.98	14.89	17.09	17.07	17.54	17.07	17.36	16.04	16.39	
TennCare Capitation Payment	186.87	179.52	179.31	180.00	181.23	181.51	181.93	183.59	179.70	180.35	179.78	177.13	180.81	181.37	170.85	168.36	166.44	183.15	183.83	192.55	186.73	182.11	186.13	186.36	181.76	180.80	
UB 92	1.71	4.08	2.65	2.86	14.34	3.89	9.65	2.75	13.47	6.04	9.54	9.06	6.83	11.78	47.84	8.27	10.68	4.81	13.99	4.93	16.26	0.01	2.59	2.69	5.25	10.76	
HCFA1500	2.64	1.31	1.57	3.19	2.94	3.31	4.54	4.07	5.68	4.29	4.11	3.18	3.46	10.97	4.60	5.75	8.79	2.96	10.25	2.79	1.78	4.52	3.84	4.93	6.30	5.62	
Dental	0.00	0.89	0.04	0.20	0.00	0.05	0.00	0.01	0.03	0.13	0.18	0.10	0.13	-	-	-	-	0.06	-	4.02	0.35	-	-	-	0.16	0.38	
Capitation	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Pharmacy	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Subcontractor	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Reinsurance	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
BHO Capitation Revenue	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Pharmacy Rebates	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Total Payments	4.35	6.28	4.25	6.25	17.28	7.25	14.20	6.82	19.17	10.46	13.83	12.35	10.42	22.75	52.44	14.01	19.47	7.84	24.24	11.74	18.39	4.53	6.43	7.62	11.70	16.76	
Remaining IBNR	0.00	0.00	0.00	0.00	0.00	0.00	0.01	0.01	0.03	(0.00)	0.03	0.03	0.01	0.07	0.29	0.06	0.09	0.04	0.14	0.08	0.14	0.05	0.08	0.12	0.29	0.12	
Payments and Remaining IBNR	4.35	6.28	4.25	6.25	17.28	7.26	14.21	6.83	19.20	10.46	13.86	12.38	10.43	22.82	52.73	14.08	19.56	7.88	24.37	11.81	18.52	4.58	6.52	7.74	11.99	16.88	

Total Payments by the Claims Processing System
All Regions

	Incurred Month of Service																										
	Total	Before Jul-00	Jul-00	Aug-00	Sep-00	Oct-00	Nov-00	Dec-00	Jan-01	Feb-01	Mar-01	Apr-01	May-01	Jun-01	Jul-01	Aug-01	Sep-01	Oct-01	Nov-01	Dec-01	Jan-02	Feb-02	Mar-02	Apr-02	May-02	Jun-02	
Month Paid by the Claims System	Jul-00	13,021,039	11,470,620	1,550,419																							
	Aug-00	13,318,580	4,153,667	6,410,686	2,754,227																						
	Sep-00	10,535,049	1,281,015	1,174,597	6,133,803	1,945,634																					
	Oct-00	11,864,199	888,728	563,866	1,672,088	6,413,625	2,325,892																				
	Nov-00	11,883,498	699,571	334,376	454,568	1,252,969	6,963,150	2,178,864																			
	Dec-00	9,596,148	136,929	92,330	310,387	523,212	1,442,220	5,443,156	1,647,913																		
	Jan-01	10,518,227	237,007	60,715	175,850	223,288	588,193	1,864,366	5,201,110	2,167,698																	
	Feb-01	11,969,831	73,284	86,079	52,631	171,962	344,519	924,245	1,764,487	6,244,727	2,307,897																
	Mar-01	12,129,250	85,408	39,204	21,032	45,997	114,384	497,841	697,319	1,798,687	5,924,960	2,904,418															
	Apr-01	11,417,389	99,363	40,540	53,280	70,885	127,912	112,575	348,233	791,333	1,235,639	6,145,487	2,392,141														
	May-01	13,607,604	21,307	42,212	2,448	6,182	32,816	56,802	135,365	552,749	875,192	1,524,454	6,758,574	3,599,503													
	Jun-01	16,372,530	127,698	27,340	43,659	24,243	52,837	48,649	78,984	300,506	598,648	1,231,553	1,563,832	7,246,417	5,028,166												
	Jul-01	21,686,704	8,340,071	13,266	23,135	15,691	13,887	28,382	24,456	82,541	186,918	488,475	618,460	1,062,541	5,778,512	5,010,370											
	Aug-01	22,453,041	3,427,164	1,146	17,213	15,495	6,766	9,575	25,707	65,809	66,952	243,129	477,793	1,091,424	1,367,259	9,742,289	5,895,319										
	Sep-01	22,665,090	2,109,001	7,995	6,038	4,619	11,334	8,868	15,521	97,483	127,726	111,296	230,783	712,187	815,881	2,076,459	11,445,364	4,884,533									
	Oct-01	21,350,075	1,102,949	4,914	8,438	9,653	3,202	7,504	11,654	3,871	95,835	107,061	106,498	180,652	599,497	1,096,198	2,411,095	10,240,615	5,360,439								
	Nov-01	22,792,434	347,510	(620)	(7,914)	3,892	2,729	3,021	2,430	9,326	(78,156)	55,407	59,368	133,071	191,997	796,169	1,771,196	2,991,499	12,021,855	4,489,655							
	Dec-01	20,561,515	561,512	9,252	16,372	11,597	14,051	14,001	23,469	20,669	9,987	46,510	46,802	245,310	109,608	170,883	764,798	1,066,174	3,207,454	10,449,137	3,773,928						
	Jan-02	22,502,166	198,017	183	(3,697)	2,136	(16,507)	(6,200)	17,028	(53,921)	6,771	42,523	53,225	59,469	134,562	131,806	258,341	551,880	1,743,109	3,402,627	10,583,003	5,397,812					
	Feb-02	23,328,280	149,049	1,356	2,387	(1,225)	374	1,248	(2,292)	8,478	13,519	14,424	18,338	26,192	87,334	267,146	245,039	479,017	718,180	1,787,692	2,901,049	11,718,444	4,892,530				
	Mar-02	21,927,662	355,308	5,180	1,642	16,601	3,939	3,304	2,388	11,675	7,313	41,556	37,647	44,931	134,590	45,284	176,515	153,339	448,693	551,754	1,231,199	3,300,102	10,562,310	4,792,392			
	Apr-02	21,843,777	(8,068)	1,168	996	3,689	868	(2,924)	857	(100,730)	5,476	8,247	1,151	53,035	23,037	134,443	89,890	242,452	423,678	1,140,711	501,395	1,512,199	2,546,463	11,060,009	4,205,734		
	May-02	23,898,765	183,502	(98)	(956)	(1,061)	227	(721)	(8,721)	93,680	3,843	8,055	5,920	18,909	73,886	59,123	49,151	34,162	164,690	127,719	486,543	860,776	1,259,667	3,889,264	11,582,321	5,008,885	
	Jun-02	17,151,789	49,830	(459)	1,126	386	876	(21,206)	253	6,098	3,058	9,302	1,855	6,099	33,724	27,652	9,713	24,615	35,026	40,651	14,806	152,377	512,332	723,190	3,349,883	8,699,490	3,471,110
	Jul-02	18,949,514	15,557	2,087	(1,727)	(885)	398	(2,006)	(3,361)	(13,361)	1,157	3,769	5,551	4,068	(12,626)	4,664	17,465	70,781	195,577	45,593	112,542	237,826	652,958	868,980	1,600,064	4,905,659	10,238,784
Aug-02	7,774,654	59,406	89	3,410	6,380	7,596	4,182	8,976	7,242	6,066	6,631	3,908	2,830	(1,462)	(739)	14,846	25,327	206,411	43,388	138,252	269,537	316,420	367,641	1,046,796	1,724,563	3,506,958	
Sep-02	2,139,058	(1,153)	1,733	20,851	18,003	2,802	(1,105)	6,217	3,271	7,828	5,439	616	(41,925)	14,403	11,119	17,383	23,947	27,408	38,242	65,320	109,265	113,153	218,421	254,830	477,177	745,812	
Oct-02	2,300,076	131,848	2,514	1,686	2,628	(60)	5,464	1,101	6,004	44,807	(546)	2,970	71,450	(15,077)	14,461	30,492	40,335	36,283	39,260	28,143	106,637	79,680	148,340	238,561	567,888	715,207	
Nov-02	1,947,481	457,416	(366)	8	65	819	508	1,125	5,000	4,687	13,381	7,435	10,516	15,402	10,915	22,171	(771)	20,860	23,781	28,631	64,159	66,207	66,494	525,421	266,756	336,860	
Dec-02	1,345,736	90,414	59,170	1,201	(3,039)	(2,666)	20,830	909	5,096	(335)	9,412	7,078	3,692	6,045	12,828	12,126	(757)	28,608	18,387	37,141	55,601	86,915	95,373	197,985	151,159	452,564	
Totals																											
	442,851,159	36,843,930	10,530,875	11,764,183	10,782,621	12,042,560	11,199,223	10,001,131	12,113,930	11,455,784	13,019,983	12,399,945	14,530,372	14,384,740	19,611,070	23,230,903	20,827,149	24,638,270	22,198,599	19,901,951	23,784,735	21,088,635	22,230,104	23,001,595	21,801,577	19,467,294	

XANTUS Healthplan of Tennessee, Inc.

Medical Fund Target Report (MFT)

December 2002

CLAIMS RUNOUT THROUGH 12/31/02
FILED WITH TENNCARE AND TDCI TUESDAY, JANUARY 21, 2003

FINAL CERTIFIED	MEDICAL FUND MONITORING REPORT					
	ALL REGIONS					
XANTUS Healthplan of Tennessee, Inc.						
December 2002			2002			
			Incurred Month			
	July	August	September	October	November	December
Enrollment: Medicaid	53,402	55,312	55,291	56,955	56,716	53,644
Enrollment: Uninsured	49,198	48,460	47,388	44,869	36,119	33,947
Enrollment: Uninsurable	15,691	15,662	15,443	14,462	11,853	10,785
Enrollment: Blind and Disabled	11,395	11,337	11,251	11,060	11,043	10,632
Enrollment: Dual Eligible	26,879	26,899	26,837	26,847	26,898	25,909
Enrollment (including estimated retroactivity)	156,565	157,671	156,210	154,194	142,629	134,917
TennCare Medical Fund Target	21,391,422	21,508,755	21,316,099	20,920,367	19,245,814	18,102,885
Payments for Medical Services						
UB 92	12,505,146	11,653,869	10,491,320	11,110,594	7,678,339	3,051,936
HCFA1500	7,905,391	8,023,743	7,160,345	7,300,782	5,130,738	1,720,569
Dental	662,153	702,091	578,090	0	0	0
Capitation	0	0	0	0	0	0
Pharmacy	5,324,264	5,551,849	5,633,847	5,952,688	5,651,252	5,720,509
Subcontractor	242,719	245,958	240,186	240,214	235,205	210,202
Reinsurance	28,406	28,162	27,857	27,799	27,010	24,188
Other Payments	0	0	0	0	0	0
Less:						
BHO Capitation Revenue	0	0	0	0	0	0
Pharmacy Rebates	296,535	296,535	296,535	296,535	296,535	296,535
Other Recoveries	0	0	0	0	0	0
Total Payments	26,371,544	25,909,136	23,835,110	24,335,542	18,426,008	10,430,868
Remaining IBNR (includes 10% margin)	941,960	1,396,461	2,111,105	3,662,975	6,933,531	13,301,299
Payments and Remaining IBNR	27,313,504	27,305,596	25,946,215	27,998,517	25,359,539	23,732,168
Medical Fund Target less Medical Payments	(5,922,082)	(5,796,842)	(4,630,116)	(7,078,150)	(6,113,725)	(5,629,283)
Medical Fund / Total Payments	127.68%	126.95%	121.72%	133.83%	131.77%	131.10%
UB 92	79.87	73.91	67.16	72.06	53.83	22.62
HCFA1500	50.49	50.89	45.84	47.35	35.97	12.75
Dental	4.23	4.45	3.70	-	-	-
Capitation	-	-	-	-	-	-
Pharmacy	34.01	35.21	36.07	38.61	39.62	42.40
Subcontractor	1.55	1.56	1.54	1.56	1.65	1.56
Reinsurance	0.18	0.18	0.18	0.18	0.19	0.18
BHO Capitation Revenue	-	-	-	-	-	-
Pharmacy Rebates	(1.89)	(1.88)	(1.90)	(1.92)	(2.08)	(2.20)
Total Payments	168.44	164.32	152.58	157.82	129.19	77.31
Remaining IBNR	6.02	8.86	13.51	23.76	48.61	98.59
Payments and Remaining IBNR	174.45	173.18	166.10	181.58	177.80	175.90

FINAL CERTIFIED	MEDICAL FUND MONITORING REPORT					
	EAST TN GRAND REGION					
XANTUS Healthplan of Tennessee, Inc.						
December 2002			2002			
			Incurred Month			
	July	August	September	October	November	December
Enrollment: Medicaid	136	104	84	60	29	14
Enrollment: Uninsured	89	72	51	25	11	4
Enrollment: Uninsurable	23	20	13	6	5	2
Enrollment: Blind and Disabled	21	19	16	9	5	3
Enrollment: Dual Eligible	31	24	20	12	10	6
Enrollment (including estimated retroactivity)	300	239	184	112	60	29
TennCare Medical Fund Target	40,975	32,586	25,086	15,224	8,170	3,814
Payments for Medical Services						
UB 92	18,497	1,898	2,013	2,171	886	262
HCFA1500	3,444	2,342	2,403	1,533	563	198
Dental	80	80	180	0	0	0
Capitation	0	0	0	0	0	0
Pharmacy	10,202	8,416	6,636	4,324	2,377	1,230
Subcontractor	465	373	283	174	99	45
Reinsurance	54	43	33	20	11	5
Other Payments	0	0	0	0	0	0
Less:						
BHO Capitation Revenue	0	0	0	0	0	0
Pharmacy Rebates	568	449	349	215	125	64
Other Recoveries	0	0	0	0	0	0
Total Payments	32,175	12,702	11,199	8,007	3,813	1,676
Remaining IBNR (includes 10% margin)	984	296	532	737	785	1,282
Payments and Remaining IBNR	33,159	12,998	11,731	8,744	4,597	2,959
Medical Fund Target less Medical Payments	7,816	19,588	13,355	6,480	3,573	856
Medical Fund / Total Payments	80.92%	39.89%	46.76%	57.44%	56.27%	77.57%
UB 92	61.66	7.94	10.94	19.38	14.77	9.05
HCFA1500	11.48	9.80	13.06	13.69	9.39	6.82
Dental	0.27	0.33	0.98	-	-	-
Capitation	-	-	-	-	-	-
Pharmacy	34.01	35.21	36.07	38.61	39.62	42.40
Subcontractor	1.55	1.56	1.54	1.56	1.65	1.56
Reinsurance	0.18	0.18	0.18	0.18	0.19	0.18
BHO Capitation Revenue	-	-	-	-	-	-
Pharmacy Rebates	(1.89)	(1.88)	(1.90)	(1.92)	(2.08)	(2.20)
Total Payments	107.25	53.15	60.86	71.49	63.54	57.81
Remaining IBNR	3.28	1.24	2.89	6.58	13.08	44.22
Payments and Remaining IBNR	110.53	54.38	63.75	78.07	76.62	102.03

FINAL CERTIFIED	MEDICAL FUND MONITORING REPORT					
	MIDDLE TN GRAND REGION					
XANTUS Healthplan of Tennessee, Inc.						
December 2002			2002			
			Incurred Month			
	July	August	September	October	November	December
Enrollment: Medicaid	53,139	55,108	55,139	56,841	56,666	53,623
Enrollment: Uninsured	48,864	48,185	47,153	44,733	36,075	33,932
Enrollment: Uninsurable	15,577	15,565	15,362	14,417	11,841	10,782
Enrollment: Blind and Disabled	11,286	11,247	11,194	11,026	11,024	10,627
Enrollment: Dual Eligible	26,771	26,823	26,777	26,811	26,880	25,901
Enrollment (including estimated retroactivity)	155,637	156,929	155,625	153,829	142,486	134,865
TennCare Medical Fund Target	21,264,672	21,407,589	21,236,343	20,870,755	19,226,341	18,096,046
Payments for Medical Services						
UB 92	12,483,387	11,644,282	10,482,192	11,105,552	7,674,632	3,051,674
HCFA1500	7,897,639	8,012,879	7,153,744	7,296,936	5,129,880	1,720,141
Dental	661,738	701,986	577,860	0	0	0
Capitation	0	0	0	0	0	0
Pharmacy	5,292,706	5,525,722	5,612,748	5,938,597	5,645,586	5,718,304
Subcontractor	241,280	244,801	239,287	239,645	234,969	210,121
Reinsurance	28,238	28,029	27,753	27,733	26,983	24,179
Other Payments	0	0	0	0	0	0
Less:						
BHO Capitation Revenue	0	0	0	0	0	0
Pharmacy Rebates	294,777	295,140	295,424	295,833	296,238	296,421
Other Recoveries	0	0	0	0	0	0
Total Payments	26,310,210	25,862,558	23,798,159	24,312,630	18,415,813	10,427,997
Remaining IBNR (includes 10% margin)	940,622	1,395,052	2,109,257	3,661,207	6,931,060	13,299,376
Payments and Remaining IBNR	27,250,832	27,257,611	25,907,416	27,973,837	25,346,873	23,727,373
Medical Fund Target less Medical Payments	(5,986,160)	(5,850,021)	(4,671,072)	(7,103,083)	(6,120,532)	(5,631,328)
Medical Fund / Total Payments	128.15%	127.33%	122.00%	134.03%	131.83%	131.12%
UB 92	80.21	74.20	67.36	72.19	53.86	22.63
HCFA1500	50.74	51.06	45.97	47.44	36.00	12.75
Dental	4.25	4.47	3.71	-	-	-
Capitation	-	-	-	-	-	-
Pharmacy	34.01	35.21	36.07	38.61	39.62	42.40
Subcontractor	1.55	1.56	1.54	1.56	1.65	1.56
Reinsurance	0.18	0.18	0.18	0.18	0.19	0.18
BHO Capitation Revenue	-	-	-	-	-	-
Pharmacy Rebates	(1.89)	(1.88)	(1.90)	(1.92)	(2.08)	(2.20)
Total Payments	169.05	164.80	152.92	158.05	129.25	77.32
Remaining IBNR	6.04	8.89	13.55	23.80	48.64	98.61
Payments and Remaining IBNR	175.09	173.69	166.47	181.85	177.89	175.93

FINAL CERTIFIED	MEDICAL FUND MONITORING REPORT					
	WEST TN GRAND REGION					
XANTUS Healthplan of Tennessee, Inc.						
December 2002			2002			
			Incurred Month			
	July	August	September	October	November	December
Enrollment: Medicaid	69	53	43	36	16	6
Enrollment: Uninsured	50	43	36	20	12	5
Enrollment: Uninsurable	27	26	19	9	3	1
Enrollment: Blind and Disabled	10	10	8	4	3	2
Enrollment: Dual Eligible	22	10	8	6	4	1
Enrollment (including estimated retroactivity)	178	142	114	75	38	15
TennCare Medical Fund Target	61,463	49,219	39,128	24,195	6,128	1,973
Payments for Medical Services						
UB 92	1,538	3,790	1,251	367	2,779	0
HCFA1500	1,906	5,189	1,328	1,119	181	230
Dental	0	25	0	0	0	0
Capitation	0	0	0	0	0	0
Pharmacy	6,053	5,000	4,112	2,895	1,506	636
Subcontractor	276	222	175	117	63	23
Reinsurance	32	25	20	14	7	3
Other Payments	0	0	0	0	0	0
Less:						
BHO Capitation Revenue	0	0	0	0	0	0
Pharmacy Rebates	337	267	216	144	79	33
Other Recoveries	0	0	0	0	0	0
Total Payments	9,469	13,984	6,670	4,368	4,457	859
Remaining IBNR (includes 10% margin)	154	617	299	296	1,602	641
Payments and Remaining IBNR	9,622	14,601	6,968	4,663	6,059	1,500
Medical Fund Target less Medical Payments	51,840	34,618	32,160	19,531	69	473
Medical Fund / Total Payments	15.66%	29.67%	17.81%	19.27%	98.88%	76.04%
UB 92	8.64	26.69	10.97	4.89	73.13	-
HCFA1500	10.71	36.54	11.65	14.92	4.77	15.34
Dental	-	0.18	-	-	-	-
Capitation	-	-	-	-	-	-
Pharmacy	34.01	35.21	36.07	38.61	39.62	42.40
Subcontractor	1.55	1.56	1.54	1.56	1.65	1.56
Reinsurance	0.18	0.18	0.18	0.18	0.19	0.18
BHO Capitation Revenue	-	-	-	-	-	-
Pharmacy Rebates	(1.89)	(1.88)	(1.90)	(1.92)	(2.08)	(2.20)
Total Payments	53.19	98.48	58.51	58.23	117.28	57.28
Remaining IBNR	0.86	4.34	2.62	3.94	42.17	42.75
Payments and Remaining IBNR	54.06	102.82	61.13	62.18	159.45	100.02

FINAL CERTIFIED	MEDICAL FUND MONITORING REPORT					
	OUT OF STATE REGION					
XANTUS Healthplan of Tennessee, Inc.						
December 2002			2002			
			Incurred Month			
	July	August	September	October	November	December
Enrollment: Medicaid	58	47	25	18	5	1
Enrollment: Uninsured	195	160	148	91	21	6
Enrollment: Uninsurable	64	51	49	30	4	0
Enrollment: Blind and Disabled	78	61	33	21	11	0
Enrollment: Dual Eligible	55	42	32	18	4	1
Enrollment (including estimated retroactivity)	450	361	287	178	45	8
TennCare Medical Fund Target	24,312	19,360	15,542	10,194	5,175	1,052
Payments for Medical Services						
UB 92	1,724	3,899	5,864	2,504	41	0
HCFA1500	2,402	3,332	2,870	1,194	113	0
Dental	335	0	50	0	0	0
Capitation	0	0	0	0	0	0
Pharmacy	15,303	12,711	10,351	6,872	1,783	339
Subcontractor	698	563	441	277	74	12
Reinsurance	82	64	51	32	9	1
Other Payments	0	0	0	0	0	0
Less:						
BHO Capitation Revenue	0	0	0	0	0	0
Pharmacy Rebates	852	679	545	342	94	18
Other Recoveries	0	0	0	0	0	0
Total Payments	19,691	19,892	19,083	10,537	1,926	336
Remaining IBNR (includes 10% margin)	199	496	1,017	736	83	0
Payments and Remaining IBNR	19,890	20,387	20,100	11,273	2,009	336
Medical Fund Target less Medical Payments	4,422	(1,027)	(4,558)	(1,078)	3,165	717
Medical Fund / Total Payments	81.81%	105.30%	129.33%	110.58%	38.83%	31.88%
UB 92	3.83	10.80	20.43	14.07	0.91	-
HCFA1500	5.34	9.23	10.00	6.71	2.51	-
Dental	0.74	-	0.17	-	-	-
Capitation	-	-	-	-	-	-
Pharmacy	34.01	35.21	36.07	38.61	39.62	42.40
Subcontractor	1.55	1.56	1.54	1.56	1.65	1.56
Reinsurance	0.18	0.18	0.18	0.18	0.19	0.18
BHO Capitation Revenue	-	-	-	-	-	-
Pharmacy Rebates	(1.89)	(1.88)	(1.90)	(1.92)	(2.08)	(2.20)
Total Payments	43.76	55.10	66.49	59.20	42.80	41.94
Remaining IBNR	0.44	1.37	3.54	4.13	1.85	-
Payments and Remaining IBNR	44.20	56.47	70.04	63.33	44.65	41.94

Total Payments by the Claims Processing System
All Regions

	Incurred Month of Service																									
	Total	Before Jul-02	Jul-02	Aug-02	Sep-02	Oct-02	Nov-02	Dec-02	Jan-03	Feb-03	Mar-03	Apr-03	May-03	Jun-03	Jul-03	Aug-03	Sep-03	Oct-03	Nov-03	Dec-03	Jan-04	Feb-04	Mar-04	Apr-04	May-04	Jun-04
Month Paid by the Claims System	Jul-02	22,572,019	18,966,449	3,605,570																						
	Aug-02	23,160,587	7,718,804	10,782,370	4,659,412																					
	Sep-02	18,975,223	2,100,925	3,499,319	10,007,734	3,367,244																				
	Oct-02	21,410,935	2,177,134	1,859,681	3,971,467	10,531,141	2,871,512																			
	Nov-02	19,207,941	1,888,900	897,598	1,067,618	3,229,143	10,558,591	1,566,091																		
	Dec-02	24,438,957	1,238,343	428,152	673,471	1,102,227	4,981,273	11,242,986	4,772,505																	
	Jan-03	0	0	0	0	0	0	0	0	0																
	Feb-03	0	0	0	0	0	0	0	0	0	0															
	Mar-03	0	0	0	0	0	0	0	0	0	0	0														
	Apr-03	0	0	0	0	0	0	0	0	0	0	0	0													
	May-03	0	0	0	0	0	0	0	0	0	0	0	0	0												
	Jun-03	0	0	0	0	0	0	0	0	0	0	0	0	0	0											
	Jul-03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0										
	Aug-03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0									
	Sep-03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0								
	Oct-03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0							
	Nov-03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0						
	Dec-03	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0					
	Jan-04	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0				
	Feb-04	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
	Mar-04	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0		
	Apr-04	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	
	May-04	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
	Jun-04	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Totals		129,765,661	34,090,555	21,072,690	20,379,702	18,229,755	18,411,376	12,809,076	4,772,505	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

95,675,105 Total for Dates of Service after 7/1/02



ANNUAL STATEMENT FOR THE YEAR 2002 OF THE XANTUS Healthplan of Tennessee, Inc.

Statement of Actuarial Opinion

I, Kenton J. Roepke, am associated with the firm of Reden & Anders, Ltd. I am a Member of the American Academy of Actuaries and have been retained by XANTUS Healthplan of Tennessee, Inc. (Xantus) with regard to loss reserves, actuarial liabilities and related items.

I have examined the assumptions and methods used in determining loss reserves, actuarial liabilities and related items listed below, as shown in the annual statement of Xantus as prepared for filing with State regulatory officials, as of December 31, 2002:

Page 3, Line 1: Claims Unpaid (Post-Petition) \$38,540,804

In forming my opinion on the above-listed reserves, I have relied on data prepared by or under the direction of Christopher E. Burton, Special Deputy Receiver, as certified in the attached statement. I evaluated that data for reasonableness and consistency.

In my opinion, the amounts carried on the balance sheet on account of the items identified above:

- A. Are in accordance with accepted actuarial standards consistently applied and are fairly stated in accordance with sound actuarial principles,
- B. Are based on actuarial assumptions relevant to contract provisions and appropriate to the purpose for which the statement was prepared,
- C. Meet the requirements of the laws of Tennessee,
- D. Make a good and sufficient provision for all unpaid claims and other actuarial liabilities of the organization under the terms of its contracts and agreements,
- E. Are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the preceding year-end, and
- F. Include appropriate provision for all actuarial items which ought to be established. In this regard, the claims adjustment expense has been included in Page 3, Line 1.

I have reviewed the Underwriting and Investment Exhibit – Part 2B. The exhibit was prepared consistent with *Section 3.6, Follow-Up Studies* contained in Actuarial Standard of Practice No. 5, Incurred Health and Disability Claims.

The State of Tennessee has guaranteed payments to Xantus for Xantus' TennCare operating expenses. These operations are all of Xantus' business, so Xantus is guaranteed to be able to meet its current and future expenses as long as the current agreement exists.

Reden & Anders, Ltd.

An **ingenix** Company



ANNUAL STATEMENT FOR THE YEAR 2002 OF THE XANTUS Healthplan of Tennessee, Inc.

Statement of Actuarial Opinion (Cont'd)

The actuarial methods, considerations and analyses used in forming my opinion conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board, which standards form the basis of this statement of opinion.

Kenton J. Roepke
Associate, Society of Actuaries
Member, American Academy of Actuaries

February 27, 2003

KRJ:mje

Reden & Anders, Ltd.
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Minneapolis, MN 55402
(612) 339-7933

Reden & Anders, Ltd.

An **Ingentis** Company

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE XANTUS Healthplan of Tennessee, Inc.

Management's Discussion and Analysis

FILED
SEPARATELY
April 1, 2003

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ANNUAL STATEMENT FOR THE YEAR 2002 OF THE XANTUS Healthplan of Tennessee, Inc.

Audited Financial Report

FILED
SEPARATELY
May 1, 2003